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The NATIONAL UNDERWRITER

The National Weekly Newspaper of Fire and Casualty Insurance

61st Year, No. 45
Nov. 7, 1957

Mo. Agents Reelect Griffith President, Name Jennings V-P

Ellis Tells Threat Of Federal Regulation; Return To State Rating Predicted

Missouri Assn. of Insurance Agents at its annual meeting last week re-elected F. Vernon Griffith of Kansas City president and named George Jennings of St. Louis vice-president. Also reappointed were William K. Lakeman, Perryville, secretary-treasurer, and Lyman L. Winter, Jefferson City, state national director.

Registration, a meeting of the association's executive committee and a meeting of the Kansas City board occupied the first day of the convention schedule. On the following morning, the association's business meeting and election of officers was held.

Porter Ellis of Dallas, a member of the executive committee of National Assn. of Insurance Agents, made a plea for continued strong state regulation of insurance and warned of the impending threat of federal regulation in a talk presented at luncheon on the second day. The recent Congressional investigations of union welfare fund and pension trust plans, he said, could

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Prov. Wash. Sells West Coast Business

Roy E. Carr, president of Providence Washington, announced this week the sale to Standard Accident of all of its business, except ocean marine cargo and hull, produced by agents in California, Oregon, Washington, Nevada, Arizona and Hawaii, effective Dec. 31. The business has been serviced and produced by the west coast division at San Bruno, Cal. The company also will sell its building at San Bruno and its personal property in its various offices on the west coast. All Pacific coast employees will be hired by Standard Accident, which will reinsure 100% the unexpired liability of the policies involved.

Mr. Carr said Providence Washington is closing out its west coast business because in recent years it has had substantial underwriting losses in this division. The move is expected to improve the expense and loss ratio of PW and will strengthen its financial position at this time. More effort and resources will be available to develop profitable business in other states. The company will continue its licenses and will continue to have a countersigning agent in the west coast jurisdiction to service business located in those states but produced by agents and brokers elsewhere.

Change Commercial Auto, Garage Rates, Mostly Up

National Bureau of Casualty Underwriters has revised automobile liability rates for commercial cars and for division garage risks with policies written on a payroll basis in a number of states, effective Nov. 6. Similar rate revisions affecting 11 other states became effective Oct. 16.

Commercial car rate changes result in average statewide increases in Idaho, Missouri, Montana, Nevada and Washington, and a reduction in New Mexico.

The garage rate changes, which vary by territory, result in average statewide increases in California, Kansas, Missouri, Montana, Nevada, New Mexico, Oregon, Utah and Washington.

Aero Associates Boost Liability Rates 25%

Aero Associates, the aviation managers of Zurich and Eagle Star, has notified agents and brokers of an increase of 25% in all aircraft liability rates, effective Oct. 29.

The letter announcing the increase says 1956 and the first six months of 1957 "will probably go down in the history of aviation insurance as one of, if not the most, disastrous experience since it was first written, with all underwriters, both domestic and foreign, suffering extremely heavy losses."

It is then remarked that last year aviation premium rates declined "very sharply" particularly during the last six months. The increased cost of labor and materials coupled with mounting costs of liability claims has created a situation which Aero Associates says makes an immediate increase in liability premium rates imperative.

The Aero announcement of large size liability rate increases, it is believed, sets the stage for similar action by other aviation underwriters.

Flowers Resigns As Ala. General Head

Richmond M. Flowers has resigned as president of Alabama General. Mr. Flowers, who is a local agent of Dothan and who has a general agency at Montgomery, Alabama Associates, is a state senator and a member of the legislative committee studying recodification of the insurance laws of the state.

Seattle GA Forms Own Adjuster

Stuart G. Thompson-Elwell Co. general agency of Seattle, has formed Northwest Insurance Services, a new adjusting company, to provide combined claim services for all insurers represented by the agency. Elliott Paulson, formerly Pacific northwest claims manager for Employers Liability group, has been appointed manager of the new company.

Workshop Program Features Midyear Meeting Of IAC

Technicians Tell Ad Men How To Make Ads And News More Effective

By KENNETH O. FORCE

NEW YORK—About 125 attended the midyear meeting of Insurance Advertising Conference here last week. There was a reception Sunday evening, and the one day program on Monday was devoted principally to technical aspects of advertising and news production.

Edmund V. Schenke of Royal-Globe, president of IAC, was in charge of



W. W. Clement



E. V. Schenke

the affair, with Winthrop W. Clement of American International Underwriters, IAC vice-president, and J. Kenneth Cagney of Hartford Fire, secretary-treasurer, providing assistance.

Superintendent Leffert Holz of the New York department, in his talk at the luncheon, emphasized that Federal Trade Commission's assertion of jurisdiction over advertising is not confined to A&S. It would appear, he declared, that FTC is proceeding on the theory that it has jurisdiction over all insurance advertising.

Among the reasons that the insurance business does not get more representation in daily newspapers are failure to send the releases to the right person, ineptitude in the selection of the kind of news sent, attempts to lever news stories with advertising, and complaining about the wrong things when something occurs that displeases the sender, Eugene A. Smith of the financial and business news department of the New York Times, told the IAC in his talk. He offered several suggestions to the advertising-public relations men which would improve their chances of getting news used.

H. Arthur Schlosser, president of Monogram Art Studios, discussed color art in advertising; Henry Slessar, creative director of Fuller & Smith & Ross, advertising effectiveness; Fred Ludekens, creative director of Foote, Cone & Belding, visual copy, and Edward Blank, assistant to the president of Publishers Printing-Rogers, Kellogg Corp., the processes of reproduction.

Mr. Smith, whose primary respon-

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Late News Bulletins...

Tennessee Holds Hearing On Auto Rates

The auto rate increase hearing of the Tennessee department at Nashville was recessed to Nov. 12 after two days spent on the 24% rate increase granted State Farm Mutual last July. National Bureau of Casualty Underwriters has filed for a 21% and Mutual Insurance Rating Bureau for a 23% increase in auto liability rates, and National Automobile Underwriters Assn. has filed for a 7% increase in auto PHD.

L. B. Loser of the department was in charge of the hearing. J. H. Briscoe, consulting actuary of Chicago, has been retained by the state to participate in the study of the rate increases.

Sen. Allen of Nashville, who says he is representing two State Farm Mutual policyholders and the people of Tennessee, questioned State Farm witnesses. He has been giving Commissioner Arch E. Northington a hard time on charges of conflict of interest because Mr. Northington operates a local agency at Clarksville.

Harold E. Curry, vice-president and chief actuary of State Farm, testified the company lost \$500,000 on auto business in Tennessee in the first half of 1957. Sen. Allen then asked for State Farm results countrywide. J. K. McLean, actuary of State Farm, was also on the stand. Russell H. Matthias, general counsel of the company who was on hand, objected to several of Sen. Allen's questions.

New York Department Hears Numerous Proposals To Change Insurance Law

By ROBERT YOUNG Jr.

The New York department's informal hearing on proposed casualty, fire and marine legislation drew an attendance of about 75 agents, brokers, organization and company representatives. A total of 27 proposals were introduced for comment and discussion at the all day session.

The hearing was conducted by Robert J. Malang, deputy superintendent. Also present were William C. Gould, property bureau chief, and Raymond Harris, chief counsel.

Considerable opposition was made to a proposal which would amend the insurance law to prohibit the giving away of fire and casualty policies as "tie-ins" with real estate and automobile sales. Richard C. Wagner, Assn. of Casualty & Surety Companies; J. R. Berry, National Board, and Alex Goldberger of Greater New York Brokers Assn. opposed the measure on grounds it is not inclusive enough, too broad in language, and worded in a way which would prohibit certain practices—of surety insurers, for instance—now legal and permissible. Mr. Goldberger suggested that the stumbling block in the proposal is an editorial one, and that a conference of parties concerned be held to draft acceptable legislation.

Also opposed were proposals which would limit to two years the period for which any domestic insurer, mutual or stock, other than a life company, may enter into an agreement

with any officer, director or employee regarding salary, compensation and other reimbursement for services rendered or to be rendered. Speaking for Assn. of New York State Mutual Casualty Companies, Michael J. Murphy said the language of the proposals is too rigid and offers too great an opportunity for stealing employees.

Mr. Wagner said the proposals represent unnecessary interference with management, would develop undue competition for personnel and amounted to punishing all companies for an unsavory practice hitherto carried on by only a few insurers. W. Perry Epes, counsel of North America, supported this position. It was pointed out that life companies have been under this limitation. However, Eldon Wallingford, assistant general counsel of Life Insurance Assn. of America, pointed out how unhappy life insurers are with the present limitation.

Strongly supported by H. K. Johnson, loss committee chairman of National Board, and Joseph Kennedy, vice-president of Manufacturers Trust of New York, was a proposal which would allow insurers to take advantage of market conditions by permitting deposit of securities to be held by the superintendent in bearer form rather than registered form as presently required. This also would permit such deposits to be made with a bank or trust company or national bank in New York state for the account of the superintendent rather than being placed

(CONTINUED ON PAGE 37)

Sees Price As Key Competitive Factor In Family Covers

Massachusetts Assn. of Insurance Agents, at its annual meeting in Boston, heard a frank talk on the future of the casualty business by Daniel M. Linscott, vice-president of Employers group, who stressed price as the real area of competition in the future, and said the time will come when insurances for family needs will be so standardized as to be a commodity bought over the counter and obviously this will cause a reduction in acquisition costs.

The association reelected President Daniel M. Walsh Jr., Springfield, and all other officers. Leo R. Reponen, Gardner, and Howard H. Leighton, Lowell, were named directors. A resolution calling on agents to promote fire prevention to curb current excessive loss ratios was adopted.

During the past 25 years, Mr. Linscott said in his talk, casualty and fire businesses have grown to a proportionately greater degree than the national economy. Premiums on that business have increased 475% since 1931, 400% of the rise taking place since the end of World War II. Expanding economy and inflation have been the contributing factors, particularly in the fantastic growth of auto liability premiums.

The casualty business will continue to grow substantially but not to the same degree as in the last 10 years, he continued, which have been a "catching up" period. Obviously there will be many problems to be faced. Economic forecasters predict continued and tremendous expansion resulting in more homes, more automobiles, more industry—more of everything which will need casualty insurance.

Insurance loss and expense costs are geared directly to the economy. In an inflationary period claims costs rise with operation costs, and if the inflationary spiral continues, he said, costs will rise with it. This will be the major difficulty in the future. The public is particularly conscious of the cost of insurance they are compelled to buy. Rate increases are meat for politicians and no doubt there will be political cries for more monopolistic state funds for workmen's compensation and probably for auto liability.

The business owes the policyholder and the public the obligation of keeping insurance costs as low as possible. With the situation as it is today on both the underwriting and investment side of the picture, he said, this becomes a task of paramount importance. Undoubtedly there will be a drastic tightening of underwriting. Indeed, he said, this movement has already started. Producers whose portfolios have hurt companies may find themselves without companies. Emergency rate increases will be necessary. Most unfortunately the business will be subjected to further political attack.

Stabilized results in the business are needed in order to have the kind of progress which benefits the public, the producers, and the companies, he said, and assuming the continued growth of the national economy, with its demand and need for casualty insurance, the business will be there for the taking. The interesting question,

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Outlines Purposes, Accomplishments Of Inter-Regional

Recent events have emphasized the soundness of the reasoning that originally prompted the formation of Inter-Regional Insurance Conference. Charles M. Close, executive vice-president of Great American and chairman of the rate level adjustment committee of Inter-Regional, told the annual meeting of Pacific Fire Rating Bureau at Phoenix.

It is becoming increasingly clear, he said, that no section of the country can operate as though it were contained in an insurance vacuum. It is evident that events, wherever they may occur, cannot be isolated. Instead, they invariably cast a shadow that reaches into every section of the country.

Specifically, Inter-Regional has the purpose of assisting in the coordination of the activities of rating and advisory organizations, in recognition of the national character of the business and the desirability of avoiding unjustifiable variations in insurance contracts and rating practices nationally.

In so large a country, he observed, economic, political, geographic and atmospheric conditions may vary materially. There are, however, broad areas in which it is vital that the business maintain, consistently, certain fundamental principles, if for no other reason than that clients, with increasing frequency, are operating nationally. This is essentially the reason for Inter-Regional, he said.

It is the purpose of Inter-Regional Insurance Conference to work closely with and through the regional advisory organizations, he commented. Recommendations of Inter-Regional in general are reviewed by the regional advisory bodies—a step which it is hoped will promote full understanding of recommendations and enlist their wholehearted support.

Aside from matters of broad policy, he said, the recommendations of Inter-Regional usually evolve from local problems that are considered initially by local rating or regional advisory organizations, and then passed along to Inter-Regional for consideration on a national basis. Matters other than those of pure policymaking nature, normally flow first through the advisory committee and later are submitted to the executive committee for final action before a national recommendation is proposed. The advisory committee is composed entirely of representatives of regional advisory organizations in all parts of the country.

Evidence of the weight behind recommendations of the conference has been provided, recently, by the establishment of a board of governors, comprised of the chief executives of 15 company members.

In any large nationwide business such as this there are diverse opinions on many subjects, he observed. One task of Inter-Regional is to reconcile, where possible, these diversities of opinion so that acceptable, practical solutions to common problems will be discovered that are sound for the business and the public.

Among the important problems with which Inter-Regional presently is dealing, he said, is the recently recom-

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AROUND THE CLOCK

Public Relations Opportunities And Problems Of Insurers Are Reviewed

Building effective public relations for the insurer was the subject of a full afternoon session of Federation of Mutual Fire Insurance Companies, Mutual Insurance Advertising-Sales Conference, Conference of Mutual Casualty Companies and City Fire Conference, during the meeting of these organizations at New Orleans. Dilman M. K. Smith, vice-chairman of Opinion Research Corp. of Princeton N. J., and Edward F. Baumer, vice-president of Communications Counselors of New York, dealt with public relations problems as experts in this field; while David Marshall, director of public relations of American Mutual Insurance Alliance, dealt with relations of the insurer with policyholders as a PR man with insurance experience. Robert Gunderson, advertising manager of Employers Mutuals of Wausau, Wis., read the paper on his group's community relations program prepared by S. F. Staples, vice-president for sales and advertising of that group.

Most businessmen prefer to spend their time and imagination solving the technical problems of finance, production and distribution, Mr. Smith said. But today, unfortunately, these are but part of the problem. The other and very large part of the problem is the idea climate in which people live.

The right to do business does not follow a law of nature like the coming of the seasons or the falling of the rain, he observed. It is a social phenomenon that depends on the ideas in people's heads. Business can perform its work for the community only so long as an environment is maintained that will permit companies to do their job. Management must influence environment by gaining the confidence of the citizenry through rendering good service, by telling the public the facts, and by showing people how their interests are served best when the precepts of sound economics are followed.

There is a growing feeling, he said, that big business and big labor get together to gouge the consumer. The

fellow who gets hurt, says the public, is the retired man, the school teacher, the small business man and the white collar worker. Labor leaders evidently are aware of the rising criticism of extravagant wage demands for the privileged few. These labor leaders are engaged in violent evasive maneuvers so that the bombshell of public indignation will land on business rather than on labor.

Studies show that people grossly exaggerate the profits companies make, he commented. They see the profit side of the balance sheet, not the loss side. "They think you roll in the folding green. You make so much you have trouble finding a place to store the stuff. On the average, the public thinks industry makes 20 cents profit per dollar of sale."

Yet, he said, for American industry as a whole the average return per dollar of sale has recently been running about four cents.

So, being excessively profitable, the public thinks, industry can grant wage increases, decrease prices, pay higher taxes, give to local charities, and grant generous employee benefits. When management says it can't, it shows that management loves money more than humanity, that management is profiteering, and that it puts property rights above human rights.

Business leadership's competitive problem is different than it has been in the past, Mr. Smith pointed out. Companies compete with other companies on the price and quality of regular products and for distribution, but they also have leadership competition for a public following.

With the rise of labor unions and the extension of political power, people have a choice of leaderships. If they don't like what business is doing, they give their support to the labor union or to the politician.

No leadership has a permanent drag with the box office, he said. Leadership is judged day by day in terms of how well it performs and how well it interprets its performance.

Mr. Smith said industry's perfor-

mance is much superior to its ability to interpret that performance. In 10 years management has come more and more to recognize this fact, and has greatly strengthened its communications effort. The use of company letters, for example, has risen from 58% in 1950 to 89% today in companies with \$5 million assets or more. The use of movies has risen from 48 to 85% during this period. Today, 85% of companies with assets of \$5 million or more conduct plant tours; 77% have employee publications; 46% use information racks, and 24% hold economics courses.

This is a dramatic story of change in management thinking, which is obviously in the right direction, he stated.

In the struggle for a public following, two or three principles stand out clearly, he declared. The first is that public favor is not won by doing good deeds alone. An industry must do good deeds, render good and faithful service, but continually interpret that service. A company grants a pension but doesn't interpret. There are actually cases where the company paid all the benefits but the employees thought the money was being deducted from their paychecks. It would be sound business if whenever management grants a benefit it would at the same time spend a constant percentage for interpretation. There is no use spending a nickel for a benefit unless the company spends 1 or 2% of the appropriation to make employees understand the benefit and how it is earned.

The second communication principle is "when you sell anything to anybody the rule is to find his interest, need, want, desire, then show him how your product or your leadership will satisfy that need or want better than the

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Cooke Contrasts Status Of British, U.S. Underwriter

Ben D. Cooke, at a closed meeting of American Society of Insurance Management in New York, emphasized in a talk the differences between an underwriter's responsibilities and authority in the U.S. and in England. Mr. Cooke is managing director of Agency Managers Ltd. of New York and senior partner in B. D. Cooke & Partners Ltd. of London.



Ben D. Cooke

A junior clerk who can look up a rate book is called an underwriter in this country, Mr. Cooke said. In the London market an underwriter is a chief insurance company executive, highly skilled and highly paid. He is a man of sound judgment who can make rapid, independent decisions. He has a good knowledge of international affairs, a real ability to estimate situations not only as they are today, but as they will probably be several years ahead. Generally speaking, he will have had some 25 years of all around insurance experience before he is considered qualified to be called an underwriter.

Mr. Cooke, who is engaged on a day to day basis in both the New York and the London casualty markets, discussed the flexibility of underwriting for British tariff and non-tariff companies. He described the method of handling insurance applications in a London office where often one underwriter will assume an entire comprehensive, or package, risk.

While British companies do have separate departments for life, fire, casualty and marine, said Mr. Cooke, one underwriter will be likely to handle fire and casualty combined, while there will be separate underwriters for the life and for the marine departments.

The underwriting freedom a British underwriter enjoys, Mr. Cooke commented, is one of the greatest strengths of the London market. It is for this reason, he explained, that when several American companies asked him to extend his activities by underwriting for them in this market, he chose the casualty reinsurance field where he would have the greatest possible measure of freedom in the exercise of his underwriting knowledge and ingenuity.

Pacific Indemnity Names Fisher Agency Manager

Carl Fisher, vice-president and manager of the fire and inland marine department of Pacific Indemnity at Los Angeles, has been appointed manager of agencies and production. Donald K. Kyler, assistant vice-president, has been named manager of casualty underwriting. Philip C. Weber, underwriting manager for Anchor Casualty in Los Angeles for the past seven years, has joined Pacific Indemnity as assistant superintendent of casualty underwriting.

New Jersey Insurance Field Men's Assn. heard L. E. Keitzman of American group discuss business interruption at the October meeting in Newark.

Allstate Wins Case On Auto Ownership

In a divided opinion, a U.S. circuit court has upheld Allstate in denying automobile liability coverage where the insured had transferred title of the automobile to his son, without notice to the insurer, despite the argument that an additional premium had been paid to cover driving by a minor and the risk was not increased by this transfer. The case is Allstate vs McKenzie, 246 Fed. (2nd.) 151.

At the trial in the federal district court for southern Texas, where there was a judgment in favor of the insured and the claimant, it was brought out that the application had shown the named insured's son as a minor driver and the proper premium for this risk had been paid Allstate. Later the son married, going to live with his wife, and the named insured sold him the automobile. The son was involved in an accident and Allstate denied coverage because of the change in ownership.

The majority opinion in the appeals court upheld Allstate and reversed the lower court judgment, on the ground that Allstate was entitled to know the facts and to decide whether it wished to continue coverage with the son as owner and the automobile at a new location. The dissenting opinion was based on the ground that Allstate had knowledge that there was a minor driver and had been paid the proper premium, so the risk was not increased by the change in ownership.



Newly elected officers of Maryland Assn. of Insurance Agents: Standing, Columbus K. Oakley, executive secretary; George M. Dallas, Salisbury, secretary; James H. Gorges, Baltimore, treasurer, and H. H. McFarlin, Riverdale, state national director; and seated, Joseph C. Hlavin, Baltimore, executive vice-president; Truman B. Cash, Westminster, president, and Robert J. Thome, Baltimore, board chairman.

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Breadth Of Insurance Problems Challenges Personnel At All Levels, Morrison Tells CPCUs

LOS ANGELES—The roots of insurance problems are so widespread that progress can be hoped for only as everyone recognizes his responsibility and opportunity to contribute constructively, Joseph Morrison, vice-president of Industrial Indemnity, told the all-industry luncheon of Pacific chapter of CPCU here last week.

There are three reasons why the multitudinous problems of insurance have not yet been solved, Mr. Morrison said—because they were not quickly recognized, because the business operates under a highly complex structure that cannot be reversed quickly, and because “the courage to take swift clean strokes at the problem has even yet not emerged.” He said the solution will have to come from owners, management and supervisory authorities who have the skill to recognize the problems, the understanding to see remedies and the energy to produce plans and programs to make them effective, topped by the fortitude to put them into operation. “That is, they will be solved by such men or their successors,” he remarked.

Demonstrating the generality of the problems and the opportunity for insurance people at every level to help make improvements, Mr. Morrison listed a number of examples of troubles in many areas.

He contended that basic thinking has become careless by not distinguishing social problems from insurance problems, one aspect of this be-

ing the violation of a basic casualty principle by insuring property damage on an occurrence basis. It is not the business of insurance to protect the insured against the loss arising from bad executive decision, from inadequate research or the testing of its product before sale or from improper selling methods, Mr. Morrison declared. These are the business risks of the entrepreneur. The insurance risk should stop with the sudden, unexpected fortuitous loss. “We must resist improper pressures to go farther from either buyers or producers—now.”

Another example of confusing social with insurance problems, he said, is the way the business has gotten into the position of underwriting, through the assigned risk plan, drivers who should not even be licensed, let alone “entitled in good faith” to insurance. This has reached the point where a driver can be convicted in court within a three year period twice for drinking driving or twice for a hit-and-run accident or for stealing a car or for killing someone while drunk, and still be “entitled in good faith” to insurance. The California assigned risk plan is now handling 65,000 drivers at a loss ratio of the latest policy year of 98.2%.

The inadequacy of fire and casualty rating plans has been much discussed, Mr. Morrison observed, with two viewpoints in contention—the “old

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INTER



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- ➔ Excess of loss
- ➔ Pro-rata
- ➔ Catastrophe

INTER



OCEAN REINSURANCE COMPANY • CEDAR RAPIDS, IOWA

A-1

Stockholders Of Continental Vote Firemen's Merger

Stockholders of Continental of America Fore group, at a special meeting in New York, voted overwhelming approval of the proposed offer of exchange of Continental stock for outstanding stock of Firemen's of Newark, parent company of Loyalty group.

Subject to applicable regulatory requirements, Continental is mailing the offer to all Firemen's stockholders. Under the offer of exchange, 90% of the outstanding two million shares of Firemen's must be deposited with either the Fidelity Union Trust Co. of Newark as exchange agent or the Hanover Bank of New York as forwarding agent, in order to consummate the transaction. Continental is reserving the right, however, to accept not less than 80% of such outstanding Firemen's shares. If the transaction is effected, any Continental shares of record Dec. 9, 1957, will be entitled to the 50-cent dividend payable Dec. 17.

At the same time Continental stockholders were meeting, directors of Firemen's met and voted unanimously to recommend to stockholders that they approve the proposed exchange of shares with Continental. A letter to this effect from William B. Rearden, president of Firemen's companies Continental's offer to Firemen's stockholders.

The proposed exchange of stock is being opposed by John E. Dearden, publisher of the *American Underwriter*, Philadelphia, and a stockholder in Firemen's. He owns five shares. He wants information to wage a campaign against the transaction. He has been granted the right to inspect the stock transfer books of Firemen's.

Along with John R. Cooney, former president of Firemen's, Mr. Dearden has pleaded no defense to an indictment on charges of embezzling \$262,206 from Firemen's.

Robert H. Johnson, local agent of Palmyra, Mo., has purchased the Marion County Insurance agency of that city and has changed its name to the Bob Johnson agency.

Plan NAIC-FTC Conference For Week Of Nov. 24

Commissioner F. Britton McConnell of California has written Chairman Gwynne of Federal Trade Commission to arrange for a conference between members of FTC and "a small committee of insurance commissioners" for the week before the mid-winter meeting of NAIC beginning Dec. 2. The conference is intended to be confined to the commissioners personally and the members of the commission.

Mr. McConnell sent his letter to each member of FTC and to each member of NAIC. He said necessity for the conference does not arise out of the litigation between the companies and FTC, but rather out of public interest.

"The fundamental position of NAIC is that the states can protect the public in this respect (prevention of false or deceptive advertising) and have been doing so," Mr. McConnell declared in his letter. "Certainly it is not to the public interest to waste public funds, whether federal or state, in duplicating activities. We are confident that all of the members of your commission will heartily agree with that principle. This being so, our conference need not involve technical arguments of jurisdiction but can be confined to an examination of the present activities and expenses of FTC with respect to regulation of advertising of insurance measured against corresponding activities of the states."

Conn. CPCU Entertains American Institute Deans

Connecticut chapter of CPCU, at the October meeting, was host to four staff members of American Institute—Dean Harry J. Loman, Assistant Deans Robert M. Morse and Edwin S. Overman, and Harry F. Brooks, director of field services. Mr. Morse also is executive secretary of Society of Chartered Property & Casualty Underwriters.

Mr. Loman spoke on "The How and Why of CPCU." Mr. Morse described the operations of the society nationwide.

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New Insurer Group Is Formed In Southeast

Ins. Co. of the South, of Jacksonville, Fla., and Carolina Casualty and Carolina Home Life, both of Burlington, N.C., have combined as a group.

Licensed in 47 states, Carolina Casualty specializes in transportation insurance. Carolina Home Life writes life and hospitalization. Ins. Co. of the South specializes in fire coverage on dwellings.

Shepard Broad, president of the

Carolina companies, has been elected a director of Ins. Co. of the South. Raymond K. Mason, president of that company, has been named to the newly created position of executive vice-president of both the Carolina companies, and has been elected a director of Carolina Casualty.

H. Bissell Carey, a director of Standard Fire for 37 years has resigned. Olaf Nordeng, vice-president of the company and of Aetna Casualty, has been elected his successor.

Tells How Adjusters Communicate On Hail

Two of the largest problems in crop hail adjusting are dissatisfied policyholders and disgruntled agents. J. E. Streepy of Princeton, Ill., state agent of Farmers Mutual Hail of Iowa, told the crop hail conference of National Assn. of Mutual Insurance Companies at its New Orleans meeting. He said that many times he has stood in a field and had a hard time deciding if the loss was 3, 5, 2 or 4%. If another

company on the risk already had been there, but the adjuster did not know what it had paid, the difficulty was multiplied. If one adjuster pays 1% more than another, he is in trouble with the other company and the other adjuster. If he pays 1% less, the adjuster is in trouble with insured and agent.

The small difference on the small loss is what causes most of the trouble, he said. Consequently, interchange of company information on claim settlement is important. In Illinois the adjusters use a plat map. When adjusters check in the evening they mark off losses they settled that day with the percent paid on each crop. This is a system that works if the information is relayed to the other companies, which can be done only if the adjusters from all of the companies working in the area stay at the same place. This is almost an impossibility.

The map can be kept at some central place. Even if the adjuster is not able to give the other adjuster exactly what he did on the same loss, he can give him what was done in the section. This is quite helpful.

If an adjuster is getting too high or too low in a certain spot, the crew chief or block man can use the plat map to catch him before he gets in trouble.

Or adjusters can interchange information rapidly and simply with a form letter. This method first was used by the stock insurers. The adjuster can list any loss on which he was doubled that day and send the information on his adjustment to the other company. A crew chief can fill them out each night for all the adjusters working for him and send them where he wants. The common practice, however, is that when proofs of loss go to the office the information is sent from there.

Then there is the crop adjuster's directory, Mr. Streepy commented. This is important because it is the one thing that ties all of the other systems together. Without it, an adjuster is almost helpless. In 1953, a bad hail year in Illinois, Country Mutual, which writes the largest volume of crop cover in Illinois, made the first step to get the adjusters together. The first adjuster's directory was evolved for Illinois. It contained all the known adjusters and the companies they worked for, with phones and addresses, home and office. It was not long before all the companies opened their proof and work sheets for the use of all. The latest adjusters' directory was issued in 1957 by Great Lakes Adjustment & Research Committee.

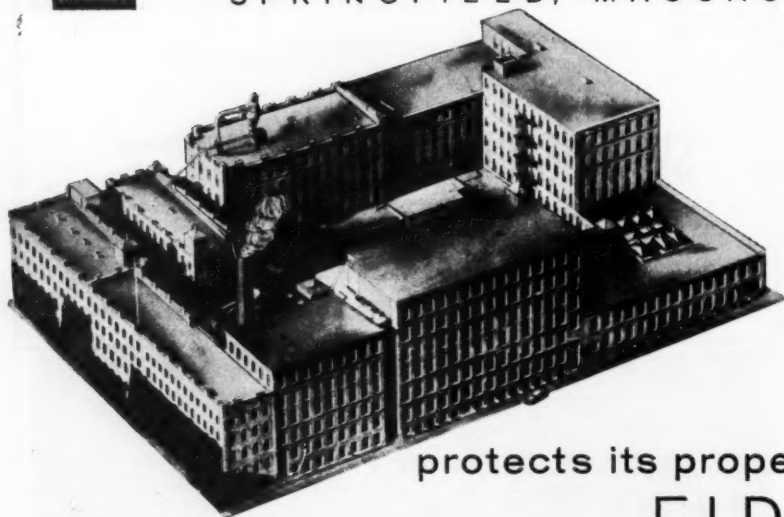
His own company, he said, writes only hail in Illinois and does not maintain an office where the loss may be reported and paid. Consequently, Mr. Streepy devised a system for information interchange. He uses a card or slip which each adjuster fills out on each loss he has settled that day. This is sent to Mr. Streepy, where it is checked to see if there is another company listed as being doubled. If so, an exchange information letter is sent that company with all the pertinent information. The card is filed so that if Mr. Streepy gets a call on a loss, his office can quickly furnish the pertinent information from the card. This system, he believes, can be used advantageously in any office.

Walkerson agency of Detroit has appointed John R. Fleming vice-president in charge of railroad coverages. He has been in charge of operations in the east and was formerly with the insurance department of the Pennsylvania railroad.



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BIG BUYER GIVES VIEWS

Weighs Plus-And-Minus Values In Stock-Mutual Tussle For Farm Business

The insurance business, though it is changing, is not changing as rapidly as farming, and as a result some insurers are being hurt. H. L. Tinley, insurance supervisor of Farmers National Co. of Omaha, a farm management firm, told the farm fire conference of National Assn. of Mutual Insurance Companies, at the annual convention in New Orleans.

He said there were "incredible opportunities in the future for the mutuals because stock companies have priced themselves out of the picture in the midwest and now have only 20 to 25% of the business. In addition, direct writers are unable to assemble line the farm business; and mutuals are local men understanding local problems and with a rate picture 50 to 60% below the stock insurers."

However, he said, the mutuals haven't charged enough. They have stuck too closely to the idea of insurance at cost. The result has been that they haven't grown enough to take care of the big rise in farm values, and they have actually subsidized farmers at the expense of mutual personnel. Consequently, they can't attract the best in way of personnel.

Because of the size and complexity of the stock insurers, they can't change as rapidly as the mutuals, he opined. As a result, their losses have been almost fantastic. He said he would give a great deal to see the stock companies recover, but they are chasing the illusion of higher rates as a solution to their problem. It won't work, he declared, but they are tied to it.

The insurance business is sick and both stock and mutual companies feel it, he commented. He then analyzed the character of the two kinds of insurance from the viewpoint of the buyer who watches the management of 2,000 Iowa and Nebraska farms, and presented his ideas of the advantages and disadvantages of each.

Stock insurance is too expensive, he said. In Iowa, Mr. Tinley said, a mutual rated for him a \$16,000 set of improvements at \$307 for five years; the stock company cost was \$704, or almost 2½ times as much.

It is the standard practice of stock company agents, he said, to try to scare mutual insured with visions of assessments, poor claim service and claim handling that doesn't work. Insured can feel the bite of the premium, but they don't feel they are the ones who are going to have a loss, and therefore they buy the cheapest.

From top to bottom of stock insurers, from the president to the smallest agents, there is no experience in farm work. The agent who writes the policy, the special agent who calls on him, even the adjuster who handles the loss—are 95% city people. Exclusive farm agencies, appealing to the farmer alone, are practically non-existent. Farm business for the stock agent is a sideline and that is the way he handles it. In the home offices of stock companies farm departments are to a great extent staffed by second stringers. The heavyweights are handling the profitable and the volume lines. Farm insurance is an extra, so the company can advertise the fact they are all-line.

How did the stock companies get

this way, he asked. They have lost control of their losses, he said. They are accepting risks they shouldn't—open cattle sheds, open machine sheds, poor shingles, portable buildings that blow away, bad chimneys that start fires, poor wiring. Mutuals handle these things through inspections, but

stock companies don't inspect risks as mutuals do. Therefore, losses are high and premiums along with them.

Stock adjusters are inexperienced in handling farm property losses. Adjusting companies are predominantly city men, but more important they are insulated from the company that actually parts with the money. As one adjuster jokingly said over a few beers: "I have never yet paid a man more than he asked."

Mr. Tinley observed that few people ever are fired from a big insurance

company once they have been there three or four years. Dead wood that stacks up could create a wonderful bonfire if the organizations would only touch a match to it.

Commissions, acquisition costs, high overhead and taxes have added to the losses stock insurers have incurred through poor underwriting, and they explain the incredible difference in rates and the fact that stock insurers are going broke. They are losing policyholders every year as their rates steadily spiral. The risks they have

(CONTINUED ON PAGE 27)

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September Traffic Deaths Drop 9%

Traffic deaths during September numbered 3,380, according to National Safety Council estimates, producing a decrease of 9% compared with the same month last year and the sharpest drop in fatalities since the downward trend began last December.

The death toll for the first nine months of 1957 was 28,110, 3% less than last year. At the end of seven months, the latest for which mileage

figures are available, travel was up 4% and deaths down 3%, a rate per 100 million miles traveled of 5.5.

Irby Agency Forms Life Subsidiary

A. F. Irby & Co., fire and casualty general agency in Atlanta, has formed a wholly-owned subsidiary known as Southeastern Life Managers. Joseph A. Glandorf has been appointed manager. All forms of life policies will be offered, plus facilities for handling any type of risk, pensions, estate planning and group.

Ask 7.5% Fire Rate Increase In N.C.

North Carolina Fire Insurance Rating Bureau has filed for increases in fire rates averaging 7.5%, estimated to equal \$2,790,810 a year in premiums. Commissioner Gold set a hearing Nov. 20 on the filing.

The bureau proposes a new differential based on physical characteristics of unprotected dwellings as an alternative to a proposed farm differential, which Mr. Gold consistently

has refused to approve, and which the North Carolina supreme court last year ruled would be discriminatory. Unprotected dwellings qualifying for a "superior" rating would be eligible for insurance at the present rate of 54 cents per \$100 for frame dwellings with approved roofs. Those classified "ordinary" would have a rate of 80 cents, or nearly 50% more than the present rate. The bureau said the change would produce \$1,805,095 more in premiums annually on residential business.

Also proposed is a revision of the term rule for fire insurance so that after the first year, the policyholder would pay 85% of the annual rate instead of the present 75%. This would increase yearly premiums an estimated \$857,033. Mr. Gold recently refused to approve the term rule revision, but said the bureau could renew the proposal with the regular filing.

W. S. Bizzell, bureau manager, in a letter accompanying the filing, said that the five year loss experience for the year ended Dec. 31, 1956, showed a loss ratio of 53.75, indicating the 7.5% boost. He pointed out there was no increase in fire rates last year because the bureau was at that time involved in a suit over the proposed farm dwelling differential and preferred not to make any general rate adjustments.

Under the new filing also, the farm barn rate would be increased from \$1.10 to 1.25 per \$100, and the tobacco barn rate from \$1.50 to \$1.65 per \$100.

20 Attend Fall Agency School Of Aetna Fire

Vice-president Robert S. Garvie was guest speaker at the luncheon ending sessions of Aetna Fire's 21st multiple line training school for agents in Hartford.

The school, conducted by Howard H. Brown, educational director, was devoted to personal and commercial lines. Agents attend for either section or for the entire seven weeks of study. The fall 1957 sessions had an enrollment of 20 agents from 13 states.

The curriculum covers the fundamentals of fire, inland marine and casualty and bonds, with emphasis placed on the application of these forms of protection to the widely varied requirements of property owners, individuals and business firms.

Robert Hupy Heads Upper Peninsula, Mich., Agents

Robert Hupy, Gladstone, has been elected president of Upper Peninsula (Mich.) Assn. of Insurance Agents. The vice-president is D. J. Trotter, Escanaba, and the secretary-treasurer, Ralph H. Peterson, Menominee. The group will hold its annual convention May 21-23 at Menominee, with Albert Haines of that city as chairman.

Extra 10-Cent Dividend Declared By Travelers

Travelers has declared an extra 10-cents per share dividend payable Dec. 10 to stockholders of record Nov. 8.

Indianapolis Agency Name Change

Robert N. Bowen has purchased the interests of Fred and Thomas Mahaffey in Bowen-Mahaffey agency of Indianapolis and has changed the agency's name to Robert N. Bowen & Associates. New officers are: Mr. Bowen president; Lloyd LaMere vice-president; Donald Davidson secretary-treasurer, and Harley Glynn insurance counsellor.

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Sound Underwriting Is Key To Future, Burglary Men Told

The future of the insurance business rests on sound underwriting, E. F. Gallagher, Chicago manager of Planet, told Chicago Burglary Underwriters Assn. at its annual burglary conference last week. "The leaders in our business," he said, "have been dazzled by the illusory siren of volume. Just now we cannot look to them for relief. Until they return to the path of sound progress the wellbeing of our industry is very much in the hands of the underwriting departments."

While he had been under the impression that the real reason for the organization of an insurance company lies in the expectation of showing a profit, Mr. Gallagher said, a review of the past few years seems to reveal a definite aversion on the part of the industry to making money. "If by chance any individual line has tended to show any inkling of profit," he mourned, "steps are taken immediately to change that pretty thoroughly. It seems to be a crime or contrary to public policy to show favorable results."

Mr. Gallagher traced the causes of constantly increasing loss ratios, including the general raising of commissions on unprofitable lines of business, the trend to package policies and the office contents form. He pointed out that when one of the major companies raised commissions on the personal property floater in Chicago several years ago, all the other insurers followed suit, even though that particular line had not shown a profit for years.

The theory behind the development of package policies, Mr. Gallagher asserted, was that although insurers were getting adverse experience on some perils, by combining all into one policy an over-all premium could be obtained which would make the entire package profitable. This, unhappily, is fine in theory, he reasoned, but is sadly impractical in operation. At any rate, he said, "I think we were moving too rapidly in the development of almost unlimited coverage on the dwelling class without due consideration to some of the individual lines' experience when written with even no higher premiums."

Nor was this restricted to dwelling coverages. The office contents form, a case in point, in Chicago is written for an annual premium of \$7.50 for \$5,000 all-risk coverage, where the same amount of coverage for safe burglary with theft endorsement would cost \$121.25. This is another example of the "giveaway" trend in the business, he indicated.

"It is much easier to sit back on the sidelines and criticize what has been done," Mr. Gallagher concluded, "than to offer a remedy." But underwriters can stem the tide to unprofitable operation by restoring "the neglected art of underwriting. You can," he pointed out, "select risks with greater circumspection than ever. You can face the fact that some individuals who have no regard for hazards, who manifest carelessness, whose exposures are inexcusably severe through negligence just don't deserve insurance."

"We must not allow ourselves to become so gluttonous in our desire for premiums that we gorge on what is unwholesome," Mr. Gallagher as-

serted. "The resulting malady is serious."

Other events of the two-day burglary conference included discussions of burglary and crime topics, an exhibition of protective devices, and the annual banquet. Speakers and their subjects were Lt. James Lynch, Chicago Police Department, "Function of the Burglary Detail;" Norwal E. Poulson, Burglar & Fire Alarm Assn., "Mutual Benefits Through Cooperative Efforts;" Edwin E. Toepfer, Toepfer Safe & Lock Co., Milwaukee, Wis., "Inadequacies of Locks & Padlocks;" G. W. Saunders, Underwriters Laboratories, "Science and Operation Radar Alarms," and D. D. Pillsbury, National Bureau of Casualty Underwriters, "Trend in Burglary Business." William M. Hanney, Zurich, was chairman of the first day's activities, and George A. Schramm Fidelity & Deposit, was chairman of the second day's program.

Joel B. Staadecker, who joined D. K. MacDonald & Co. last month, has been elected a vice-president of the agency at Seattle.

Says WC Insurers Urge Employment Of Handicapped

The task of trying to neutralize propaganda directed at compensation insurance companies that they are adverse to having their policyholders hire handicapped individuals is an unpleasant one, B.E. Kuechle, vice-president of Employers Mutual Liability of Wausau, said.

Speaking at a meeting of Industrial Cardiac Clinic at Racine, Wis., Mr. Kuechle said that insurance companies through National Assn. of Mutual Casualty Companies and Assn. of Casualty & Surety Executives have spent untold sums of money in urging their policyholders to employ handicapped people. "How much better it is to get handicapped individuals off the relief rolls onto the tax rolls via the payrolls."

Properly placed handicapped people, he said, are some of the finest employees any industry can have on its

payroll. They have a lower absentee rate, a lower accident rate, a fine production record, and, above all else, they are appreciative and loyal to a point that makes their performance one of "vivid contrast" with the non-handicapped persons.

"I think the American Heart Assn. and our Wisconsin Heart Assn. are making great strides in pointing up the fact that cardiacs are employable." However, the one spot where the impact of this propaganda apparently hasn't been effective is among the members of the medical profession, he remarked. No examiner or no industrial commission can enter an order granting compensation in a cardiac case unless there is medical evidence to support such an award, and it is "almost unbelievable to sit in a hearing room and listen to the testimony of some young physician, scarcely dry behind the ears, who hasn't had his shingle hung out independently for more than a few weeks, expound the most ridiculous theories on casual relationship between a heart attack and employment."



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Ill. Appleton & Cox Shifts Dore To HO, Promotes Two Others

James F. Dore, vice-president of Illinois Appleton & Cox, has been transferred to the home office, where he will assume complete management of operations of the firm. He has been manager at Philadelphia. He has been in the business 23 years, the past 12 as a specialist in surplus line coverages.

Concurrent with Mr. Dore's trans-

fer, Eugene R. Lemke, underwriter in the Philadelphia branch, has been advanced to assistant manager there, and Ralph W. Williams, chief underwriter in the home office, has been promoted to assistant manager there.

Pennsylvania Assn. of Independent Adjusters has elected Samuel Culp of Sharon president, succeeding Owen B. Hunt of Philadelphia; C. L. Showmaker, Wilkes-Barre, vice-president; Joseph W. McKnight, Erie, secretary, and Edward J. Brown, Harrisburg, treasurer.

Large Agents Must Pay Fair Share Of NAIA Ad Campaign: Slawsby

Greater support by the larger agents for the proposed national advertising campaign of National Assn. of Insurance Agents was urged by Archie M. Slawsby, Nashua, N. H., NAIA vice-president, at the annual meeting of the Arizona association.

Mr. Slawsby stressed that the success or failure of the program "will depend upon the honesty and willing-

ness, as well as the strength of moral fiber of the larger agents to face up to their obligations as independent businessmen." He said that while he has from time to time received word that members of various local boards have contributed 100% at the "national average rate" of \$62, he soon "realized that if medium and large agents contributed only \$62 apiece and the smaller agents contributed \$25 apiece, we are not going to raise \$2 million."

"The \$62 national average," he explained, "has actually done us a great disservice. It must be understood that when we were estimating the sources from which we could expect to raise money to finance this program, a great deal of emphasis was placed on the amounts which we felt would be immediately forthcoming from the larger cities."

He pointed out that there is little chance of success in obtaining support for the campaign unless the agents in the larger cities accept their full responsibilities.

"I cannot condone the lack of fully adequate giving on the part of those who should give most," he said. "Those who disappoint us use this 'average' figure by saying that if everyone gave \$62 we would have our \$2 million."

"It takes a lot of \$300, \$500 and \$100 subscriptions," he said, "to raise the host of \$25 subscriptions which the smaller members of NAIA are contributing. 'The smaller agent,' he said, "in paying \$25 into our fund is paying us at the rate of \$2, \$3 or \$4 per thousand dollars of premium."

While acknowledging that "there will always be some freeloaders," Mr. Slawsby concluded by urging all members to contribute on the basis of at least \$1 per \$1,000 of annual agency premium volume.

Pa. Department Sues To Collect From Policyholders Of Bankrupt Insurer

The Pennsylvania insurance department has filed suit in Philadelphia against 2,789 former policyholders of the bankrupt Seaboard Mutual Casualty for \$250,000.

A total of \$2,850,000 is being sought from over 44,000 policyholders. This is provided by an assessment levy which triples the amount of unpaid losses and obligations of the insurer. The triple assessment formula, approved by the court, was worked out in a formula that allows for uncollectable assessments due to such things as death, insolvencies and liquidating expenses.

Francis X. McClanaghan, special deputy insurance commissioner in charge of liquidation, said the department, acting under orders of Dauphin county court, sent out assessment notices to former policyholders from 1938 to Dec. 12, 1951, when Seaboard was declared bankrupt. About 75% of claims against former policyholders are from \$1 to \$200. The remainder runs from \$800 to one that amounts to \$35,000.

Mr. McClanaghan said legal action was taken after former policyholders had refused to pay after being notified of their obligation.

Seaboard was declared bankrupt with assets of \$45,104 and liabilities of \$614,104.

Cincinnati Adjuster Adds Three

Edgar L. Penney Sr. & Associates, Cincinnati independent adjustment company, has added three new adjusters—J. B. Donovan, Francis Sager and Edward Utz—who will operate from the Cincinnati office. Mr. Sager is an expert on steeples and will specialize in church losses.

"SAFECO Came to Our Rescue!"

—says Albert E. Tweed

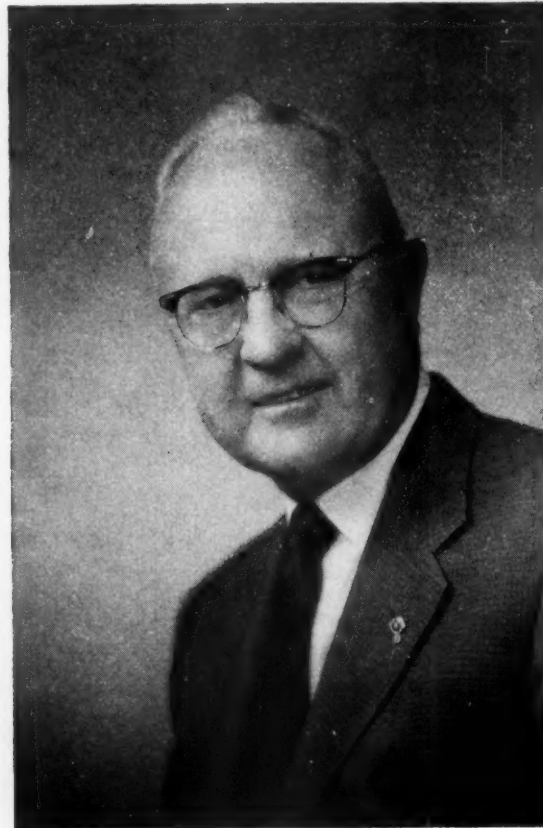
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Hansen, Williams Give Pointers On Building Good PR

The health insurance business can achieve good public relations if it has the proper mental attitude, A. M. Hansen, assistant vice-president in the underwriting department of Mutual Benefit H.&A., told the annual individual insurance forum held at New York by Health Insurance Assn. of America.

If the business cares what it does and what people think, it can create good public relations, Mr. Hansen said. But if it does not care, it will be abused and fail to win public respect.

The attitude of home office executives affects the men in the field and can make or break them. The letters from field men show this.

If home office people are to meet their public relations obligations, they must know as much about their business as possible, particularly their own areas. They must admit their mistakes and work out the correct answers. They must be men of their word and refuse to hide behind double meanings or technical advantages.

Home office men must give immediate attention to inquiries from the field, Mr. Hansen continued. They should broaden their circle of acquaintances by taking field trips whenever possible.

In striving to improve public relations with the field, home office people should sell, not tell. More flies can be caught with sugar than with vinegar.

The home office must make the right decisions and sell them in order to get on the road to good public relations, he concluded.

The rapid growth of A&S has brought public interest to an all-time high, according to James R. Williams, vice-president of Health Insurance Institute.

The future impact of health insurance will be even greater as more people continue to seek coverage, as the benefit pattern improves and broadens, and as more money flows back to the public in benefits, Mr. Williams said. The nature of A&S calls for close cooperation on the part of many persons in many fields, including not only insurance people but also hospital administrators, doctors, employers, union leaders and regulatory officials.

Health Insurance Institute is developing as much communication as possible between the A&S business and the various publics. Public relations is 90% performance and 10% talk about it. Without the 90% performance in the public interest, there is little reason or justification for the 10%, which is the line of communication.

This line of communication is a 2-way street, Mr. Williams pointed out. While the institute is reporting to the public about the performance record of the business, it also is reporting back to the business about public attitudes to enable the companies to provide greater service.

The institute is undertaking a long-range program. A primary objective has been to develop a continuing flow of news about A&S policies and services for the various news media. A section on health insurance has been added to *Blueprint for Tomorrow*, an educational kit for high school students and teachers published annually by Institute of Life Insurance.

Propose A&S Study Program For Home Office Employers

Francis T. Curran, supervisor of the statutory disability division of Commercial of Newark, described a proposed educational program for home office employees to be undertaken by Health Insurance Assn. in an appearance at the annual individual insurance forum at New York.

Mr. Curran said the program is an attempt to familiarize people with the philosophy of disability insurance; teach them its principles. The curriculum is being drawn up by an education subcommittee of HIA's individual insurance committee. The speaker solicited member companies' help and support.

Subcommittee groups will screen applicants, prepare and grade examinations and establish a study plan. Presentation of a designation similar to CPCU and CLU is under consideration. A certificate and scholastic key may be awarded upon completion of the course.

Since there is a vast difference between educating and training, the education subcommittee decided to direct its efforts toward developing employees' minds, rather than a program training them in the mechanics of various processes, Mr. Curran said. Employees should understand what insurance is, why it exists, how it works, and when it fulfills its promise.

The subcommittee is writing a course designed to enable initiates to the business to understand it thoroughly, to acquaint them with its hopes, aims and contributions to the nation's economy and the financial welfare of the individual citizen.

Johnson Joins Foster Adjustment

S. John Johnson has joined J. L. Foster & R. K. Foster, adjusters at Springfield, Ill., as staff adjuster. He has been in the casualty adjustment field for 11 years.

Peter J. Mundorff Co., New York brokers since 1904, has entered into association with Brown, Crosby & Co. there, and will clear its business through that organization.

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World Aviation Insurers Eye Future Developments At Amsterdam Convention

International Union of Aviation Insurers held its annual general meeting in Amsterdam. Dutch Aviation Pool, celebrating its 25th anniversary, was host. Almost 60 delegates representing member insurers in 21 countries were present.

The union elected W. de Vlaming, Holland, president; and A. J. Smith, U.S., and R. H. Jennens, United Kingdom, vice-presidents. It was agreed to hold the next meeting in Garmisch Partenkirchen, Germany, next September. At that time German Aviation Pool will be host.

Mr. Smith is president of U.S. Aviation Underwriters, the only American insurer holding membership in the union.

Prior to convocation of the meeting it was stressed at a press conference that the advent of jet aircraft marked the most important phase in the history of aviation insurance.

Spokesman for the business pointed out that new inventions and methods in the field of civil aviation had always caused headaches to aviation insurers, and it was doubtful if the impending advent of jets would be an exception.

The huge values of the bigger type of aircraft and the still unknown complexities of risks and liabilities with which underwriters would be faced would demand the urgent and detailed consideration of all, they said.

The outgoing president, Per M. Hansson of Norway, opened the meeting. His address concerned the developments in civil aviation during the past year, both in the operational field, which has seen the introduction of new passenger ticket wordings which appear to increase the liability of operators in regard to passengers; and in the legislative field, particularly in the formulation and clarification of air regulations. The changes

which these activities portend in the sphere of aviation insurers require the constant vigilance of aviation underwriters, he said.

One of the difficulties facing insurers, he continued, was the different interpretations placed on clauses common to many aviation insurance policies, and to varying opinions arising out of language difficulties. Many of these difficulties could be avoided by a universal understanding of the intentions of various common clauses, and it was felt that it would be of benefit for the IUAI to study the matter in detail. He said that work in this direction already has been initiated. The work might be slow and undoubtedly difficulties would arise in the introduction of what might be termed "an international language for aviation insurance," he added, but it was felt that the imminent introduction of jet passenger aircraft with large carrying capacities and the huge amounts that would be at risk made it desirable for underwriters all over the world to work together.

It had already been emphasized at earlier meetings of the union that cooperation among underwriters worldwide would benefit not only aviation insurers but would also make a contribution to the development of civil aviation. Mr. Hansson gave his opinion that increasing bad results were increasing in the minds of underwriters a growing awareness and receptiveness of the need for mutual cooperation. He expressed the hope that efforts in this direction would continue. Insurance premiums represented only a small proportion of an air carrier's operational costs, but the economy of the airlines, faced with payment of the huge purchasing programs already announced were going to be subject to a certain amount of strain and it was desirable in the in-



Pictured at a session of the annual meeting of the International Union of Aviation Insurers in Amsterdam are: Alan Goodfellow, legal advisor, London; Albert J. Smith, newly elected vice-president, New York; Peter Langmead, general secretary, London; Per M. Hansson, immediate past president, Oslo, and W. de Vlaming, newly elected president, Amsterdam.

terests of all concerned that underwriters approach the jet age in a spirit of friend-cooperation, he said. In this connection the return of aviation insurers both for the heavy responsibility undertaken and the amount of work involved was considerably less than in any other sphere of commercial enterprise.

Reporting on IUAI in general, he said it was growing in numbers and interest throughout the world in its activities was increasing. Not only were the aviation insurers becoming increasingly aware of the value of cooperation within the union, but the organization was becoming looked upon as being in a position to put forward the practical point in view of aviation

insurers to other organizations concerned with civil air-transport, he said.

Mr. Hansson emphasized the magnitude of the forthcoming changes in civil aviation. They are a warning to underwriters, he said, expressing the hope that cooperation on the widest possible basis would enable them to meet the challenge of the times.

Reports by members on developments in the various national markets disclosed a situation which could not have given a great deal of satisfaction to underwriters. It is perhaps natural, said one, that improvements in the safety of air travel should be publicized by interested parties for the public consumption, but the apparent improvement in the safety factor is not reflected in the over-all results of aviation insurers which, to the contrary, indicate a rapid and serious turn for the worse. The meeting was told figures based on the reports of stock companies to the New York state insurance department show a loss ratio to written premiums for aircraft liability in the U.S. alone of 107% for 1955 compared with 172% for 1956.

In addition, statistical information assembled during the year and presented at the meeting confirmed the long held view that accident experience in connection with new type aircraft was exceedingly bad during the early years of operation.

The meeting heard a lecture on insurance and jet aircraft, with special reference to technical problems, by A. B. Hunter of British Aviation Ins. Co. Ltd.

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Industry Opposes N. Y. Proposal To Regulate A&S Rates

NEW YORK—A proposed insurance law amendment which would give the superintendent authority to disapprove A&S rate filings if the policy benefits are unreasonable in relation to the rates proposed or if the rates are unjust, unfair, inequitable or unfairly discriminatory drew considerable fire from industry representatives at the New York department's annual informal hearing on proposed legislation.

The proposal, which would change subsection 2 of section 164, also provides that any change in premium rates applicable to outstanding A&S policies would not become effective until 30 days after the rates are filed.

Principal spokesman against the change was John F. McAlevey, assistant general counsel of Health Insurance Assn. of America. His stand was supported by Eldon Wallingford, assistant general counsel of Life Insurance Assn. of America, and Moses G. Hubbard, general counsel of Commercial Travelers of Utica, N. Y.

Mr. McAlevey said HIA was disturbed by the suggestion that the words, "if the benefits provided in the policy are unreasonable in relation to the proposed rates," may be put in another section of the code. This language already appears in section 154, the prior approval section, and section 141, the subsequent disapproval section. Section 141 is adequate for this purpose.

A special HIA subcommittee is looking for a meaningful way to implement the language of the all-industry A&S regulatory law or to find a satisfactory substitute, Mr. McAlevey noted. It is unfair to officials and not in the public good to require regulatory agencies to enforce statutes devoid of criteria. The subcommittee would be happy to cooperate with the department in this matter.

The proposal is such a radical departure from the past use of the language of the A&S regulatory law that HIA feels, especially in the light of past experience, that the department should reject the amendment at this time, he asserted.

Mr. Hubbard opposed another suggested amendment to section 164 to require A&S policies to provide, subject to the right to terminate for non-payment of premiums, that insurers

could not refuse to renew before the renewal date and that any refusal of renewal would be without prejudice to any claim originating while the policy is in force. This would not apply to accident only policies in which the company reserves the right to refuse renewal on an individual basis.

Mr. Hubbard said his company accepts policyholders for no given period and sets no anniversary or renewal date. Thus, it would be difficult to determine the policyholders' cancellation dates; and it would be unreasonable to force the company to become a non-cancellable insurer. He opposed the amendment as piecemeal legislation and called for further study of the matter, pending the outcome of A&S proposals already before the Metcalf committee. Whatever legislation is enacted should be done all at one time.

On the other hand, Mr. McAlevey said HIA sees no reason why the proposal should not be enacted in New York. However, he asked for permission to review the language of the bill if and when it is drafted. Mr. Wallingford said LIA is not opposed to this amendment, either.

Mr. McAlevey and Mr. Wallingford criticized a proposed change in subsection 7 of section 221, however. The amendment would provide that the required filing of schedules of premium rates and commissions with the superintendent be made at least 30 days prior to their effective dates.

Max Schwartz, actuary in the department's A&S division, said officials need 30 days to check the schedules and object, if necessary. Last year, for example, some rates were filed the night before they became effective.

Mr. McAlevey said HIA was not aware of any problems involving last-minute filings. Unless there is a serious problem to be solved here, there is no need to complicate the business by a multiplication of arbitrary restraints. The department can investigate any schedule, as in the past, and can do a better job of analysis if not obliged to meet a statutory deadline. This change is not needed, he said.

Mr. Wallingford said the effect of this amendment would be contrary to the concept of competition.

Milton Ellis, 3rd vice-president of Metropolitan Life, pointed out that this section only requires the filing of minimum, not maximum, group rates.

Robert J. Malang, deputy superintendent, presided at the hearing.

Germantown Fire of Philadelphia has been licensed in Minnesota.

Engineering, Claim Changes By Employers

Employers group has effected a number of changes in its engineering and claim departments. Ronald S. Skyrme has been appointed to succeed Elliot P. Knight as regional superintendent of the New England engineering department, and Charles A. Cantley has been named superintendent and Charles A. Gaulin assistant superintendent of the engineering department in Philadelphia. Mr. Cantley succeeds Mr. Skyrme who was middle department superintendent for 11 years. Mr. Knight is retiring.

Harold B. Tuner has been appointed superintendent of the northern Ohio claim department. Formerly superintendent of the Pacific claim department, he is succeeded in that post by A. Randall Biggs. William H. Kenneth has been named assistant superintendent of the Pacific claim department.

The group also has named Wilfred E. Balthazar superintendent of the New England department claim department at Worcester, Mass. He succeeds N. E. Andrews who is retiring.

Inland Marine Men Hold Day's Workshop

About 70 attended the semi-annual workshop of Inland Marine Underwriters Assn. in New York. Inland marine men devoted the day's session to renewal procedures.

The workshop was divided into five groups under the guidance of a group discussion leader and a committee member. The morning covered the problem generally and the afternoon was devoted to formulating the ideal procedure for handling renewals.

The meeting was opened by Joseph G. Bill, assistant general manager and counsel of IMUA, who introduced the speakers, T. B. Kelley, Commercial Union, chairman of the executive committee, and Raymond G. Shepard, Fire Association, chairman of the workshop committee.

Move Southern Department

New Hampshire Fire has moved its southern department offices in Jacksonville, Fla., to larger quarters at 5111-13 Beach boulevard. The southern department supervises agency operations of the group in Alabama, Florida, Georgia, South Carolina and Mississippi.



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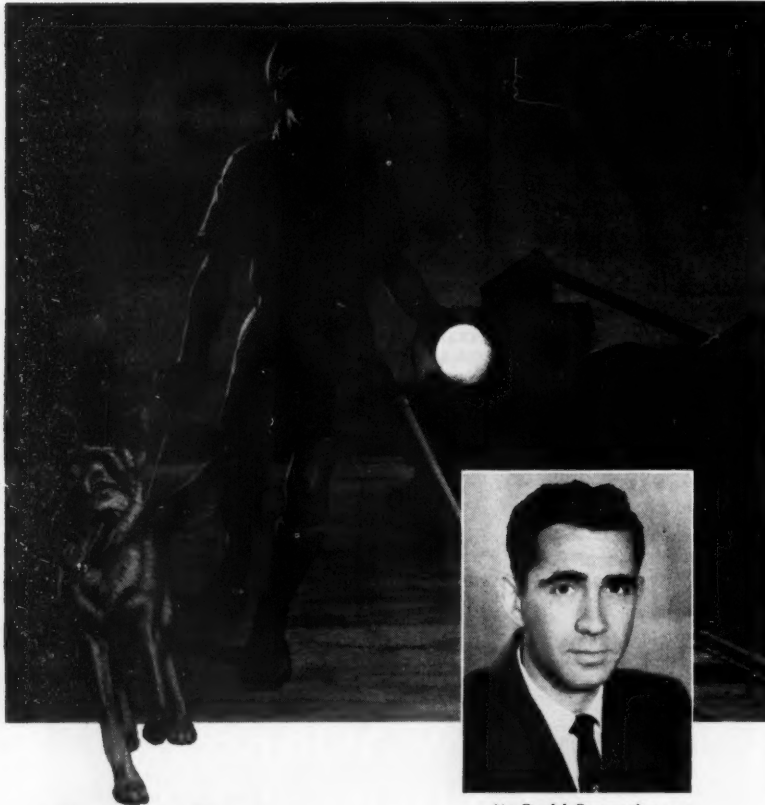
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Nov. 15, American Marine Insurance Clearing House, annual, New York City
Nov. 15, Mutual Insurance Accountants and Office Managers Assn., annual, Curtis hotel, Minneapolis.
Nov. 17-19, Kentucky Assn. of Insurance Agents, annual, Kentucky hotel, Louisville.
Nov. 17-20, Indiana Assn. of Insurance Agents, annual, Claypool hotel, Indianapolis.
Nov. 18-19, Illinois Assn. of Mutual Insurance Agents, annual, Orlando hotel, Decatur.
Nov. 19-20, Wisconsin Federation of Mutual Insurance Companies, annual agents convention, Schroeder Hotel, Milwaukee.
Nov. 21-22, Casualty Actuarial Society, annual, Sheraton hotel, Philadelphia.
Nov. 21-22, Mutual Insurance Agents Assn. of New England, annual, Somerset hotel, Boston.
Nov. 30-Dec. 1, Montana Assn. of Mutual Agents, annual, Northern hotel, Billings.
Dec. 2-6, National Assn. of Insurance Commissioners, midyear, Commodore hotel, New York City.
Dec. 6, Insurance Accounts Assn., New Yorker hotel, New York City.
Dec. 11, Eastern Underwriters Assn., annual, Biltmore hotel, New York City.
Dec. 27-28, American Assn. of University Teachers of Insurance, Bellevue-Stratford hotel, Philadelphia.

1958

Mar. 14-15, Tri-State Mutual Agents Assn., Lord Baltimore hotel, Baltimore.
May 1-3, Louisiana Assn. of Insurance Agents, annual, Edgewater Gulf hotel, Edgewater Park, Miss.
May 22, Midwestern Independent Statistical Service, annual, Bismark hotel, Chicago.

North America Leases New N.Y.C. Service Office Site

North America companies have leased the entire second floor and a portion of the ground floor of a 31-story building now being erected at 110 William street, New York City, and will relocate the New York service office there.

Presently located at 99 John street, the service office will have a direct entrance into the new building at 79 John street. Access to the second floor will be by escalator.

The group's New York processing office will remain in its present location at 770 Broadway.

The lease, aggregating over \$3,300,000, is for a long term.

The new building in downtown Manhattan will be fully air-conditioned. A penthouse conference room will be available to tenants on a per diem basis.

The new building is owned by 110 William Street Corp., a wholly owned subsidiary of Crum and Forster.

Newhouse & Hawley Names Herrick Special Risk Head

John Herrick has been named manager of the special risks accident department of Newhouse & Hawley, Lloyds representative at Chicago.

For the past four years, Mr. Herrick has been manager of the A&H department of Moore, Case, Lyman & Hubbard, and prior to that was field representative for Provident L&A. and was in the group sales department of the Continental companies.

St. Louis Aviation

Insuror Advances Two

Robert M. Craig, claims manager, has been elected secretary and Paul W. Windmueller, controller, has been named treasurer of National Insurance Underwriters, aviation insurer of St. Louis.

Mr. Craig joined the company in 1954 as claims manager and will continue in that position in addition to his new duties. Mr. Windmueller, previously with American Automobile, joined the company in 1956 as controller and will continue in that capacity.

The Schult & Robbins agency of Caruthersville, Mo., has purchased the Charles E. Watson agency of that city.

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COMMENTS

TRENDS

OBSERVATIONS

Agent Compares Flat Cancellation To Store Merchandise Exchange

In response to a recent editorial in this paper condemning the expensive waste brought about by flat cancellations, Alfred H. Kelley of the Lanpher-Kelley agency of Detroit, writes:

It is a simple matter for someone sitting at a home office of an insurance company to say that the flat cancellations are not necessary but if that same person were to become an insurance agent dealing with the public he would see that it could not be avoided. No business is immune from having the customer change his mind. The country's larger department stores expect returned merchandise to equal about 10% of their sales so it seems fairly consistent that the insurance business should encounter the problem in approximately the same ratio.

It is standard procedure in at least some of the cases in every agent's office to automatically renew an expiring policy. If the agent is able to deliver the renewal policy when he makes his call he is much more apt to keep the business than if he goes out and asks for permission to renew. He is also more apt to collect the premium at that time, thus, eliminating collection problems and letting one trip do the work of what otherwise would be a three or four contact operation.

I have tried the automatic renewal procedure as well as the advance contact before renewing and where you do not automatically renew you are very apt to run into a situation along the following lines:

Oct. 1. "Mrs. Jones, your house insurance is up for renewal on November 15th. The amount is now only \$10,000 and it seems you might wish to increase the policy to \$12,000 or \$15,000. May we do so?"

The usual answer in this case is, "It sounds like a good idea but I will have to ask my husband. Call me back in a few days." (Where you talk to the husband first he usually says that he has to talk to his wife).

Oct. 7. "Mrs. Jones, I called you last week about increasing your renewal. What have you and your husband decided?" Her reply is usually apt to be: "We have been so busy (or the children have been sick, or my husband has been away) that we haven't had a chance to get together and I'll have to let you know."

Oct. 12. "Mrs. Jones, I wanted to call you again to get your decision about the amount of insurance on your renewal policy. Perhaps if I came out to the house we could conclude it some evening." Her reply will in many cases be one such as, "My husband and I are going away for a couple of weeks and we won't be back until the end of the month. Call us then, there is still plenty of time."

Nov. 1. "Mr. Jones, before you went away I spoke with your wife on several occasions and she said you were going to consider increasing the insur-



Joseph L. Norton, president of North Carolina Assn. of Mutual Insurance Agents (left) shown here after receiving the state charter from John R. Chappell, who was first president of NAMIA. North Carolina was the first to organize a state association.

ance on your home. We had in mind about \$12,000 or \$15,000." His reply is very apt to be, "I have been reading some ads of the XYZ Discount Ins. Co. and I do think I will raise my policy but I want to see what their price is and I will have to let you know."

The above procedure is by no means an unusual case and in many instances because you have alerted the client to his renewal rather than handling it in a matter of fact way by handing him his renewal policy and then suggesting that you bring it up to a proper level, you will find in many cases that he will patronize the XYZ Discount Ins. Co. who have told him that their policy is just as good and it costs less money.

Like the lady who returned her merchandise to the department store, it does not mean that a sale is lost because the policy which is flat cancelled is merely exchanged for one of a larger amount or broader coverage or changed in one or two other details.

It is true that sometimes a policy which is cancelled thirty days after it took effect might appear to be granting free insurance. Such is not usually the case. The customer may decide to do business with another agent or company but he will take the renewal policy effective the date his old one expires and regards this procedure as automatically cancelling the old agent's renewal policy. It is only when the agent makes the attempt to collect the premium that this change is discovered. The customer in many instances has thrown the renewal policy away and certainly is not depending on it to pay a claim when he has already secured his coverage from another company so although it may appear to someone at the home office of the insurance company that free insurance was granted, such was not the case. In fact, it would be a very rare thing where the customer who desires to change agents would not take out the new policy with the new agent from the date the prior coverage ran out.

It is my opinion that flat cancellations will never be totally avoided any

Insured Is Obligated To Establish Property Values, Not The Agent

H. J. Mollerus, executive vice-president of Industrial Appraisal Co. of Pittsburgh, has made the following commentary on an article on underinsurance by E. S. Light of the Echlin-Irvin-Crowell general agency representing Glens Falls in the El Paso area. The article appeared in a recent issue of this paper.

You have a good point in urging agents to tackle the matter of underinsurance, however, in your last paragraph you make the following statement.

"And the next time a special agent calls on you, don't tell him you have nothing for him to do. Grab up a handful of fire dailies and take him out to make appraisals by physical inspections of buildings to get more realistic values to base the insurance on."

We are wondering whether or not you are aware of the fact that the American Society of Appraisers and many of the insurance companies themselves as well as the courts, feel that the matter of establishing values is the obligation of the assured and not the insurance company. This responsibility is further confirmed on page 310 of your publication, *Agent's & Buyer's Guide*.

When an insurance company or agent furnishes even an estimate of property values, the assured invariably accepts the estimate as reliable, even though it is qualified as an estimate. As stated in your own publication, *Agent's & Buyer's Guide*, page 310, "An insured or prospect, confident of the reliability of all information supplied by his agent or broker, would be tempted to accept any statement as to values as very accurate, leading to possible severe embarrassment in the future."

It is the duty of the agent to call the matter to the assured's attention but not to attempt to establish the value. There have also been rulings by insurance departments of several states in connection with memoranda and inferences regarding the acceptability of estimates made by insurance companies.

more than the department stores can eliminate the return of merchandise which will be brought back after the goods get home and the customer decides it's the wrong size or the wrong color and takes it back for something else.

Remember, the customer will not ordinarily pay for his insurance policy until he actually receives it and has a chance to look it over so if you want to get paid you have to issue policies. It stands to reason that not every policy issued is going to be right in every particular and after looking it over a customer may change his mind, change the amount and in some cases, change his agent.

Suggests Ways Agents Can Help In Current Troubled Situation

W. Harold Leonhart, president of Leonhart & Co., Baltimore, in a letter to his brokers and agents suggested the following to help alleviate the current high loss ratio situation:

1. Agents, brokers and companies can cooperate in analyzing each producer's business to determine what limits of liability per risk may be safely retained by the insurer within the premium volume and loss experience of the producer. This will vary considerably because of the classes of business, annual premium volume of each line, etc., yet especially where contingent commission agreements are involved, the producer should not want to expose his contingent commission unnecessarily and should strive for a spread of liability. Even producers without contingent commission agreements should realize that the actual loss experience to the insurers on their own accounts is all important.

2. Companies and agents can utilize facultative and treaty reinsurance facilities on the producer level to effect the desired lower limit liability retained net. This suggestion in effect brings reinsurance from the home office to the producer level, yet it need not interfere with existing treaties even though in some instances it might necessitate slight amendments thereto.

3. Actually, it would be even preferable for agents wherever possible to separate the liability by issuing concurrent participating or excess of loss policies with other agency or even non-admitted insurers such as Lloyds and non-admitted insurance companies. It is true that in some instances this would reduce the producer's commission, yet it is preferable to exposing the entire account to abnormal losses.

4. Special hazard fire and casualty risks, motor truck cargo, workmen's compensation and employer's liability, and many other coverages lend themselves especially to the foregoing suggestions. Broad facilities and simplified procedures will help agents, brokers and companies alike to solve many of the current problems.

Insurance Man Invents New Auto Speed Control

A governor for automobiles which can be pre-set to keep the speed of a car within the limits prescribed by law has been invented by Howard M. Caskey, bond superintendent of Aetna Casualty at Richmond, and his son, James F. Caskey, a student at Lynchburg College.

The Caskeys have successfully tested their invention with 8,000 miles, at two speed selections, 35 and 55 mph. A manual lever permits selection of the maximum speed desired and a small strong spring holds it there. In case of an emergency, acceleration can be increased by strongly pressing the gas pedal.

Problems Challenge Personnel At All Levels

(CONTINUED FROM PAGE 4)

guard" who say prior loss experience justifies only "so and so" and, since insurance is cyclical, rates will catch up as losses justify it, as against the "eager beavers" who urge that trend factors be applied to old experience to convert it to present loss levels.

Neither of these positions will correct nor prevent rate inadequacy, Mr. Morrison said, suggesting that what is needed are projection factors that move the trends out to the expected level of loss costs during the period covered by the renewal policy. Even this is not adequate for automobile, he added, pointing out that most of the 1958 cars will have dual headlights, and that Chrysler is inaugurating "control tower" windshields consisting of 11 square feet of glass curving around the sides and into the car roof. The cost effect of changes of this sort in body design demands complete changes in rating methods, he asserted. "We must go to a sampling technique which takes the specific new car and, based on expected damage incidence, computes the new repair costs and integrates this, not just old loss experience, into rates."

Mentioning other areas in which constructive thinking is needed, Mr. Morrison wondered why the loss resulting from flat cancellations should be allowed to continue and provide free insurance to some people "in violation, I think, of anti-discrimination and perhaps anti-rebating laws."

Why can't the business immediately solve the problem of insurance to value? he wondered. Underinsurance

has been hurting the industry badly, especially in residence and homeowners coverages, and perhaps mandatory coinsurance for residences and contents would be the answer.

"Our liability experience rating plan is archaic and no responsible actuary would defend its validity," he stated, asking why a sound plan should not be developed and followed.

Also, why do companies and producers continue to duplicate work which drains profits from both? Both could gain financially if a program were adopted that eliminated such duplication.

The permissible loss ratio is customarily thought of as applying to an entire line like automobile liability, but Mr. Morrison questioned whether this is necessarily true if one class, like young male drivers, may be paying 3½ times the 1A rate. "In other words, is the expense of handling a 2C 3½ times that of a 1A? If not, then a higher loss would be perfectly justified for this class."

How long can the insurance business neglect cost accounting as a tool that can help it as it has other industries, both to gain better control of a cost and to price products with sufficient precision so as to expand markets profitably? he asked.

Is the system of auto classifications obsolete? he went on. "Most of us underwrite on the assumption that the driver personally is our exposure and that his accident record and moving violation record is the key to his probable future record. Yet we don't

rate him this way—instead he gets one rate if he commutes 10 miles, another if he commutes 12 miles. Wouldn't a new classification system make more sense?"

Mr. Morrison asked if it can seriously be believed that the business has begun to take advantage of electronic data processing equipment, even though possibly more than in any other business the nature of insurance operations lend themselves logically to it. "With few exceptions, we talk a lot about advanced equipment, but continue to use that which is 10 years obsolete."

Although the American insurers have met the demand for insurance of privately owned nuclear power reactors, challenging questions are raised, Mr. Morrison said. Even now there is no liability policy form after two years of work because some questions, such as in the legal field, are either not understood or not resolved, "thereby raising at least some legitimate doubt as to whether mere part-time committees in our business can adequately handle 'super' problems of this type."

Henry Ernst Elected V-P Of Pacific National

Henry Ernst has been elected vice-president of Pacific National group companies. He joined Pacific National May 1 as assistant to President John A. Steel to coordinate multiple line operations after having served as vice-president and director of Selective of Cincinnati and before that with Fire Association and Royal-Globe group.

Mr. Ernst is a past president of Philadelphia CPCU.

\$750,000 Record Award Is Upheld

Judge Sbarbaro in superior court at Chicago has upheld the record \$750,000 verdict against two Chicago public utilities for personal injury damages to Michael Finn, 9, and at the same time denied a motion for a new trial or a reduction in the jury's award.

The judge said the amount was not excessive in view of the critical injuries suffered by Michael, who was hurt in a gas explosion last January. The defendants were Commonwealth Edison Co. and Northern Illinois Gas Co., and their attorneys said an appeal undoubtedly would be taken.

The jury verdict was returned July 2. It staggered insurance men. The utilities were engaged in some sort of construction work near a hardware store in Roselle, Ill., and were held responsible for the explosion which caused the loss of the Finn boy's left leg above the knee, and his right leg below the knee and extensive burns, brain injury and other permanent injuries. The plaintiff's attorney said the boy has already undergone 32 operations.

The \$750,000 award is \$330,000 greater than the previous high, also a Chicago affair, handed down in 1954. That award, however, later was reduced.

To Tell Low Pressure CO2 Use

Chicago chapter of Society of Fire Protection Engineers will hear G. N. Roberts, Cardox Corp., discuss the function and uses of low pressure carbon dioxide systems in industrial fire protection at the Nov. 12 luncheon meeting.

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Three Prominent Company Executives Look At Future Of Independent Agency System

TOLEDO—One of the highlights of the program of the 60th annual convention of Ohio Assn. of Insurance Agents here last week was the lineup at the Monday luncheon. It featured—perhaps the first time any agents' convention program has done so—three company presidents. Actually—and unhappily from a program planner's point of view—there was only one bona fide president at the rostrum, Fred B. Jones of the Buckeye Union companies. J. C. Hiestand, another of the speakers, had recently been elected chairman of the board of the Ohio Farmers companies and Howard L. Stoneker Jr., president Ohio Casualty, was unable to attend because of illness. His place was taken by James Scott, vice-president of the company.

Billed as the "presidents' luncheon," this session also featured a brief address by Ohio Superintendent of Insurance Arthur I. Vorys. Fred H. Johnson, president of the Ohio association, presided.

The company executives had been asked to take off the wraps, to speak straight from the shoulder on the future of the American agency system and the agency-minded insurance companies. In the main, they did just that, each speaker discussing a separate phase of the subject.

Mr. Hiestand, the first speaker, indicated that he felt the problem to be, in the last analysis, a matter of public relations. The American agency system has proved its worth, he said, and it would be an evil day if it should pass out of existence. He warned that there are forces at work now seeking to undermine it. Mr. Hiestand believes that a better public relations program, to get across to the public the full story of insurance—the dramatic story of insurance following catastrophic losses—would go a long way toward counteracting the efforts of these forces. "In the 1954 hurricanes," he said, "the companies paid out more dollars than were paid in settling the losses due to the San Francisco fire...and without one company failure. It is regrettable that the public was

not fully informed at the time of this service."

"There is another very important part of our public relations and underwriting story which should be emphasized," he continued. "We should inform the public as to what insurance really is, what is behind the policy of insurance and how the whole industry functions." Some people still regard insurance as a form of gambling or as a maintenance guaranty, he said.

He outlined some recommended activities for both companies and agents. What can the companies do? "The primary function of the companies," he believes, "is to provide the policy forms and coverages which are designed to take care of every contingency which might result in loss to an insured."

"Accompanying these forms the companies should provide instruction and assistance to the agents through the medium of special agents and engineers so that the insurance buyer will be fully advised regarding his insurance needs."

"Another responsibility of the companies, also of prime importance to the public and the agents, is to provide prompt and efficient loss service, to reimburse the insured for every dollar of property loss or damage, to stand between the insured and a judgment which might wreck him financially."

Mr. Hiestand feels that automation can play a part in "selling" insurance to the public. "The companies must watch and continually examine their expenses so that as much of the premium dollar as possible can be allocated to the payment of losses, thereby keeping the cost to the purchaser at a minimum," he said. "Great strides in reducing expenses have been made in recent years in the home offices of the companies by the use of automation. By adapting electronic machines to the compiling of statistics and other records in the home office, over-all expenses are being reduced."

"If the use of home office electronic machines can help you reduce your expenses, I am sure that the com-

(CONTINUED ON PAGE 18)

Ohio Agents Praised By Governor O'Neill

TOLEDO—Ohio Gov. C. William O'Neill delighted members of Ohio Assn. of Insurance Agents who heard his address at the Tuesday luncheon here last week. He strongly endorsed the educational job the association has done and even more strongly praised the theory and performance of the independent agency system.

Mr. O'Neill, who spoke shortly after Ohio Superintendent of Insurance Arthur Vorys had been introduced, first described generally what effect the elevation of the department of insurance to cabinet rank in Ohio will have. He listed a number of improvements which have been effected by the department already, pointing to the increase of personnel in the law enforcement, rating and finance sections, the monthly newsletter which the department has inaugurated and the new physical facilities of the department as evidence of improvements already made. Mr. O'Neill said that the law enforcement division alone has been expanded so that it now can investigate complaints within 24 hours.

Turning to a discussion of the insurance industry generally, the governor struck a responsive chord with his audience. Speaking with obvious fondness for the industry, he deplored the fact that the insurance business often receives insufficient credit for the tremendous part it plays in supporting the economy. He put it that our entire economy is "undergirded" by insurance, and that it is a tragic thing that the American public has not learned to recognize this.

The governor has a high regard for the local independent agent. "The independent agent is the last line of defense for the protection of the public interest," he said. "The agent represents not the company alone, but his client as well. Regulation can never protect the public as well as the agent. If the public interest is to be protected it can be done well only by competent

independent agents with ability, knowledge and skill."

Gov. O'Neill approved particularly the steps the Ohio association has taken to insure that its member agencies

Ohio Agents' Assn. Advances Hemphill To President

Future Of Agency System Probed By Many Speakers At Dead-Serious Meeting

By ROBERT C. DAUER

TOLEDO—It has been said that a convention, if it is any good at all, develops a sort of character—a "feel" of its own as it moves along. At Toledo last week, the 60th annual convention of Ohio Assn. of Insurance Agents very definitely had such a character. It was serious—almost intense—but it was controlled, reserved, confident. The members in attendance, some 590 including wives, made it clear that they believed that "the future of the American agency system and the agency minded insurance companies"—the theme of this year's meeting—is sound.

The new president is John W. Hemphill, Painesville; the new vice-president is Ivan Steiner Jr., Wooster. Newly-elected to three-year trusteeships are Harry E. Pettit, Marietta, J. Glenn Hill, Bellfontaine, Jack D. Darrah, Akron, and Robert L. Coleman, New Philadelphia.

Paul R. Gingham of Columbus, general counsel, and Theodore M. Gray

(CONTINUED ON PAGE 36)

are possessed of this knowledge and skill. After applauding the association's work toward increasing agency qualification requirements, he praised the insurance schools of the association as doing tremendous work in elevating the ability and performance of Ohio insurance men and women.

His talk interrupted several times by spontaneous applause, Gov. O'Neill was given a standing ovation when he concluded with the statement that "the independent agent need not be concerned about being out-priced. If you serve well, the people will respect the service they receive, and they will pay for service above price."

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Executives View Future Of Agency System

(CONTINUED FROM PAGE 17)

panies would be willing to assist you."

But, Mr. Hiestand believes, the primary responsibility of the companies to the agents and to the public is to be at all times financially strong and liquid. "To maintain that position, the investments of the companies must be sound and productive, but above all the quality of the underwriting of the companies should be such that there is a small margin of profit. It is a great fallacy to assume that the investment income can, year after year, absorb the losses from poor underwriting."

He pointed out that if the public understood that poor underwriting lessens the security of their policies they would be more amenable to rating classification schemes. "This is the most difficult problem facing all of us—that of explaining why a building does not meet underwriting requirements or why many 2C automobile risks are not acceptable individually, and why, as a class, they are unprofitable and must be supported by other, more favorable business," he said.

The agent is ultimately the best underwriter, he pointed out, because the agent can inspect his risks and knows personally his insured and their families.

Turning to the responsibilities of the agent, Mr. Hiestand said that the worst public relations job the agent can do is to misrepresent coverages so that the insured feels embittered at time of loss. Selling full insurance to value is another method by which the public will best be served, he said.

Now it is more important than ever before for the agent to resist exorbitant or borderline claims which are not covered by the policy, he went on. These lead to poor loss ratios, and—eventually—higher cost to the public.

"I believe that by giving the people a true picture of our business and problems we will gain their support and cooperation. In the last analysis the public can best be served by their understanding that the agents and the companies have but one common interest—to provide the public with financial assistance when it is most needed," he concluded.

Mr. Scott explained what understanding of rating problems is necessary to meet the competitive situation and yet insure sound, stable company contracts for the public. After reciting in all of its ghastly detail the loss experience of recent years, Mr. Scott pointed out that while these figures obviously called for rate relief, rate increases alone are not the sole answer to the problem the business faces today, because a succession of rates increases succeeds only in driv-

ing preferred business to companies offering rate relief in the form of lower rates.

Mr. Scott said, "I wish I could convey to you a sense of the immediacy of the danger, not to companies alone but to agents as well. That business you lost to direct writers was the very clean, low-loss type class 1 automobile risk, one or two-family dwelling fire and casualty risk. To replace such business with other classes is not a fair exchange. Believe me when I tell you that the danger to our American agency system way of life is very real—a lion is in the streets—and the drastic inroads made into the preferred classes of business written in our agency system companies are a matter of vital concern to agents and companies alike.

"In the present situation . . . high losses cry out for rate increases while competition is luring away the cream of our business with its lower rates. If this condition were permitted to continue to grow as it has in the recent past, the preferred classes of business would in time disappear from the portfolios of companies operating under the American agency system. We would then be forced to adopt rates for the remaining business that would be almost prohibitive, and the net result would be that we would find ourselves writing only those classes of business not eligible for the cream-skimming program of the direct writers."

Mr. Scott quoted at some length from a publication of Robert H. Huff & Co., an investment firm specializing in insurance stocks. This article, essentially, roundly criticized the insurance industry for failing to take steps to reduce its production costs, predicting that the American agency system would be continued, all right, but in a modified and more efficient form. This resolves itself ultimately into a lower commission schedule, the article concluded.

Mr. Scott did not endorse this article in its entirety, but he did indicate that it was thought-provoking in that it presented the challenge that the American agency system cannot survive as it is presently.

What did Mr. Scott suggest? High on his list of goals is better underwriting at the agency level. This, Mr. Scott said, will protect loss ratios and help bridge the rate differential between the independent agent and some of his competition. The wise agent will not, for example, ask his company to write an obviously bad risk, even for one of his good accounts, Mr. Scott said.

He absolutely condemned "free" in-

surance—that is, flat cancellation after a policy has been in force for one or more months. He also urged more aggressive selling, particularly the effort to recoup losses of first class business.

Mr. Jones flayed that segment of the agency force who "betray" the American agency system. "The American agency system is not on trial, but some members of it are," he said. He stated that the problem confronting the American agency system today has two facets—the direct writer and hostile legislation.

Concerning the first, he said that direct writing companies are entitled to their own operating philosophies . . . that it behooves the independent agents to meet and defeat this competition on its merits. He criticized sharply, however, those companies which "deal from both ends of the deck." He referred specifically to the policy of direct billing by agency system companies.

Mr. Jones also dished out some unwarned talk about the need for independent agents to face up to the fact that they must work to defeat competition. "You get paid for service," he said, "deliver it!"

He called for a closer liaison between the Ohio Assn. of Insurance Agents and the Ohio Assn. of Insurance Companies to strengthen the insurance legislative lobby. He feels that there is room for tremendous improvement in the efforts independent insurance agents contribute toward this political activity.

The words of Commissioner Vorys, who spoke only briefly at the beginning of the luncheon, were echoed many times by each of the three speakers. Commissioner Vorys said:

"The insurance agent is the backbone of the insurance industry. Without the agent, the industry will perish. Your knowledge, ability to merchandise your products, to counsel wisely, to shield from disaster, has, more than anything else, made the industry what it is today. If the independent agent's position is imperiled in these times, it is because of economic and social factors at work which undermine individual effort and initiative and overlook the value to our economic system even to our basic freedoms, of the individual entrepreneur."

Dr. Caris Gets Special Award From Agents

TOLEDO—Dr. Albert G. Caris, head of agents' licensing, examinations, surplus lines and company annual reports divisions of the Ohio insurance department, was honored during the 60th annual convention of the Ohio Assn. of Insurance Agents with a special plaque commemorating his long and distinguished service with the insurance department.

The plaque was presented by T. M. Gray Sr., executive secretary of the association, at a luncheon highlighted by the presence and address of Ohio Gov. O'Neill.

Since 1943, Dr. Caris has been in charge of the licensing and statistical phase of the property insurance supervision by the Ohio department. In addition he has been in charge of surplus lines licensing and compiled the examination texts for state insurance licenses.

Mrs. Caris was presented a large bouquet of red roses as she joined her husband in receiving the acclaim of the association members. Many of the audience had moist eyes as they gave a standing ovation to the 76-year-old couple.

Many Headquarters. Much Hospitality

Agents at the convention of Ohio Assn. of Insurance Agents in Toledo found little to criticize in the number of hospitality headquarters maintained by their companies this year. There seemed to be about as many hospitality rooms as in years past.

Ohio Casualty was well represented, with John G. Sloneker and James I. Scott, vice-presidents; Joseph L. Marcum, secretary, and James Lecky, Luke Hirschberg and Arthur Thompson, all from the home office on hand.

For the Buckeye Union companies, Fred E. Jones, president; Donald R. Haverick, vice-president; S. W. Schellenger, superintendent of agencies; William T. Cuddy, executive secretary; Harold L. Andrews, assistant secretary, were in attendance.

Ernest C. Cook, vice-president and superintendent of agencies, headed the Mayflower contingent. For the Ohio Security, Frank J. Janco, executive vice-president, and H. A. Dingeldein, vice-president and assistant treasurer attended.

There was a large turnout by the top executives of Cincinnati. Harry M. Turner, president; Robert A. Cosbey, vice-president and general manager; Robert Woods, casualty manager; J. J. Schiff Jr., secretary-treasurer; Robert C. Schiff, vice-president, and Special Agents Warren Walker, Charles L. Bent, Robert McDonald and Louis H. Erckert.

Besides Chairman J. C. Hiestand, who was a speaker on the convention program, Ohio Farmers was represented by W. W. Waters, assistant secretary and superintendent of agencies; LaVon Rex, state agent for Ohio; James Ward, manager farm underwriting; J. C. Bishop, secretary, and James Work, state agent from Akron.

American had two representatives from both Cincinnati and Cleveland present: W. F. Wratten, and Joseph S. Borie Jr., from Cincinnati, T. B. McDonough and Thomas Smith from Cleveland.

Home also had a large delegation. Among those on hand were T. Morgan Williams, vice-president; Otto Rieg, secretary; Walter Krieger, vice-president; Vaughan Grady, vice-president; S. E. Duley, Ohio manager; and J. L. Munson, manager farm department.

Hartford Fire had Leighton Fox and Ronald Streeter, both from Cleveland, Robert F. Lloyd, Cincinnati manager, and John M. O'Connor, also of Cincinnati, in attendance.

Representing U.S.F.&G. were Louis D. Paine, Toledo manager, Harry B. Hupp, Cincinnati manager, and Lewis E. McBride, Toledo manager.

J. Gordon Gaines, the Akron agency, operated a headquarters from the Copper Lounge of the Secor hotel hosted by Edward Stout, assistant vice-president; Ronald Smith, vice-president; Wilson Shannon and Stanley Spiers. A beautiful set of matched luggage offered by the Gaines office was won by Richard L. Rieger, Lorain.

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Avery, Field Men Honored By Agents

TOLEDO—The educational activities of the Ohio Assn. of Insurance Agents have attracted considerable attention in recent years, and have covered the association with no little glory. The insurance institute schools—a series of intensive, one-week study sessions—conducted at various universities and colleges throughout the state were started in 1954 as a cooperative venture under the joint auspices of a number of educational and insurance groups.

The entire program is under the direction of Douglas N. Avery, adult insurance coordinator, Ohio University, backed enthusiastically by Theodore M. Gray Sr., secretary of the Ohio association. (A detailed report of the insurance institute schools appeared in the September 5, 1957, issue of THE NATIONAL UNDERWRITER.)

This year the men who played such a prominent role in the development and expansion of these schools were honored in an impressive ceremony.

Mr. Avery and Ivan Steiner Jr., vice-president-elect, reviewed the history of the program from its inception to the present. Then, three classes of "faculty" members—all company field men—were given awards. To Raymond W. Douglass, Agricultural, Raymond W. Kapp, Phoenix, Edward O. Platell, American Surety, Fred Schroer, Home, Fred W. Selsor, Fidelity & Casualty, and William L. Venable, United States Fidelity & Guaranty, went embossed plaques of the advertisement—featuring the photographs of these men.

Raymond T. Fielder, Yorkshire, Joseph B. Greenwood, New York Underwriters, Ben M. Jacoby, Aetna Casualty, James A. Kanehl, Great American, Edgar L. Kroder, Fidelity & Casualty, Michael B. Lash, United States Fidelity & Guaranty, Robert A. Leifer, American Surety, Vernon H. Olson, New Amsterdam Casualty,

George Renkert, Aetna Casualty, Jack Siebold, Aetna Casualty, and George Wheaton, Fireman's Fund were given pocket secretaries bearing the insurance institute insignia.

The third group included W. C. Barr, Glens Falls, Howard P. Hollinger, Ohio Farmers, Bruce Jackson, Great American, Robert W. Leedy, United States Fire, H. J. Murphy, United States Fire, Robert E. Sewell, Royal-Livepool, Marshall Sickel, Travelers, Richard Stitt, North British, and Fred F. White, Home.

After those faculty men present had accepted their awards, John W. Hemphill, president-elect, gave to Mr. Avery a special plaque on behalf of the association for his tremendous efforts in establishing and popularizing the insurance schools.

Lenke, Lauterbach To Share Revere Trophy

TOLEDO—The Paul Revere trophy, the highest award the Ohio Assn. of Insurance Agents can bestow upon its members, was presented this year for the first time to two men jointly,



A. J. Lenke

Willard G. Lauterbach, Columbus, and A. Julian Lenke, Cincinnati. The presentation was made by Harry T. Minister of McElroy-Minister Agencies, Columbus, the first recipient of the trophy.

The Paul Revere trophy is presented each year to the member of the Ohio association who has contributed most to the cause of sound principles and correct practices in the local agency business.

Mr. Minister in presenting the award to Mr. Lenke—Mr. Lauterbach was unable to be present—explained that the award was given jointly this

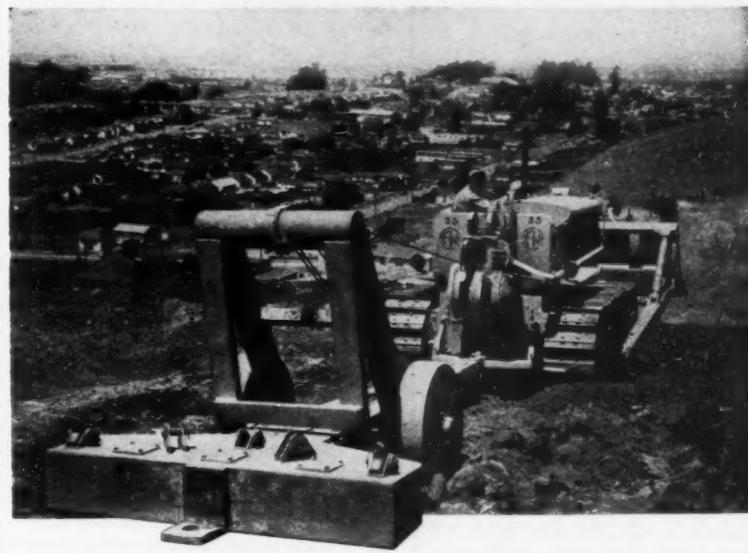
year because both Mr. Lauterbach and Mr. Lenke had contributed so much to the work of the property insurance liaison committee, and since by the nature of the committee many of its accomplishments are initiated by one chairman but brought to fruition under the leadership of another, it was impossible to credit one man more or less than the other.

Mass. WC Rates To Go Down

Massachusetts Workmen's Compensation Rating & Inspection Bureau has

filed revised rates calling for an average reduction in the rate level of approximately 2.8%, to become effective Dec. 31. The insurance department will hold a hearing Nov. 19.

The A. S. Arbury & Sons agency of Midland, Mich., has purchased the interest of Howard H. Arbury, president, and his wife, Marie, and Howard Arbury will open his own office. Mrs. Pearl E. Arbury is secretary of the incorporated agency, which will continue without other changes in personnel.



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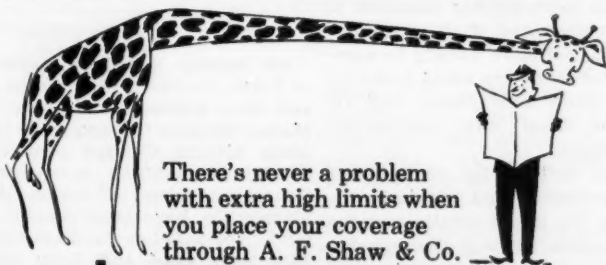
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EDITORIAL COMMENT

Local Agents Don't Press For Life

Up to now, fire and casualty companies that have organized or purchased life companies are in most cases rather disappointed at the life production they have received from their established fire and casualty agency organizations.

There appear to be two important reasons for this. One is that most local fire and casualty agents writing any volume of life business have had satisfactory life insurance connections for a number of years and are not inclined to eliminate them. The mere fact that one of their fire and casualty companies has gone into the life business through an affiliate is not necessarily a compelling reason for them to give up their old connections.

The other reason for a disappointing life production from the general writing agent is that many property insurance agents are not accustomed to going after business in the way that is followed by the life agent. For example a local agent who is dealing with the owner of an industrial plant or a large mercantile establishment is writing a very considerable volume of property insurance on properties having a high value and involving large premiums. Such an agent is getting

various kinds of business from these large property owners, and he is not usually disposed to make a spirited sales talk on life insurance because he feels it might be disturbing to or resented by the property owner.

In such cases insured often telephones the local agent asking him to place additional coverage on this, that or the other property. He is accustomed to the agent telling him of new coverages and kinds of insurance he might carry that he had not known about. The local agent counsels with him on engineering and fire protection problems. This is a commercial business matter as contrasted with life insurance, which is wholly personal.

There is a feeling on the part of many local agents that the injection of a vigorous or persistent life insurance presentation would endanger the customer relationship. While it is true, of course, that the writing of life insurance would increase the agent's commission income, there are many who are willing to present life insurance only in a minor key, offering it as a suggestion or an idea but not making a strong sales talk for it.—Howard J. Burridge.

The Neglected Art Of Underwriting: III

(Based on a talk before the National Assn. of Independent Insurers at Chicago.)

The truth is that the influences which bear on underwriting do so quote properly. They have to be taken into account. The underwriter must accommodate himself to the rate and be cautious where the rate is thin. He must balance his classes. He has to hold commitments to what his company can afford. He must reinsure. He must do some things in underwriting he would not do for his own account, in order to get the business. Here both agency and non-agency companies have their problems.

But if the underwriter and underwriting are influenced by all aspects of the insuring situation, do the underwriter and underwriting exert their proper influence on the other functions and divisions of the business such as agency, claims, administrative and even financial?

In many companies there is too little provision for getting the close knowledge of risks and trends from underwriting to the other divisions at the supervisory and management level. The underwriting facts of insurance life too often reach management only in the form of loss statistics. Shouldn't this intelligence be interchanged and discussed frequently and continuously by all of those who make decisions? Rate making is separated considerably from underwriting. Yet partly because of traditional compartmentalization, but mostly because of inertia, underwriting is a long way from agency, claims and top manage-

ment. Time after time in this business the man who gets to be president rather rapidly gets out of touch with underwriting. Though the company fortunes are closely tied all the time to a close, fresh grasp of underwriting, few top executives continue to deal with insuring situations.

The trends in this business on which the fortunes of the company rise and fall become most quickly apparent to the underwriter, and if this information was relayed more quickly to management, the company could make its defensive short term moves and its constructive long term maneuvers more promptly.

It is not difficult for management to keep frequently and regularly refreshed on the major details and the trends in underwriting. Consequently, it is surprising that few fire and casualty insurers have any formal, periodic interchange of information and ideas between executives and underwriters, between underwriters and underwriters, and between underwriters and the claim division. To the outside observer, such a program seems to be the minimum which a company should undertake and maintain.

Some companies would say that they have such programs now in effect. A few do. But, so far as can be determined, few of them are formal, extensive and frequent. Consequently the elements that go into decision making are dispersed, isolated, and competitive within companies.

For example, today so-called "good risks" are causing the fire losses. Well,

is, then, a good risk always the same? Isn't a higher rate indicated here, rejection there? Fleet auto business once was good, but it became almost intolerable. The other day the fire chief of New York published a report which showed that almost every lumber yard in the city had at least five house-keeping violations. Why weren't they inspected by the underwriters? Is each insurer too small to afford to do a proper engineering job—and therefore only does enough to claim the fame of it without actually delivering any such service that will do insured and company any good?

It is fairly easy under today's circumstances to see the need for grading up the underwriting function and those who perform it. Long before today, companies have proved that they should select good men for underwriting, train them thoroughly and keep on training them. They have found that decentralization is important so that underwriting may be performed in the atmosphere which shapes the risk and in surroundings which increase or confine it. They have learned that field men must be underwriters and underwriters must get into the field more.

They spend more time keeping their own house in order than blaming their woes on other people or other things—inflation, insurance commissioners, agents, rating bureaus and lawyers.

Above all such companies recognize that underwriting should run through all of the operations of the company as a constantly freshened source of facts on which to commit the company's present and future. If all hands are to respect it, they need to understand it.

If they understand it, they will turn in a better job for the company and deliver a superior product to the public.—K.O.F.

PERSONALS

Sir Stanley and Lady Norie-Miller of Perth, Scotland, were guests of Mr. and Mrs. Richard T. Magner of the Meeker-Magner Co. agency of Chicago while visiting Chicago recently. Mr. Stanley Norie-Miller is chairman of General Accident, of which Meeker-Magner Co. have been general agents for 57 years. Other guests of the Magners were Lord and Lady Hacking, Mr. and Mrs. John S. Warren, and Mr. and Mrs. T. Gerald Magner. Lord Hacking is the newly appointed director of General Accident from London. Mr. Warren is the midwest manager of General Accident, and T. G. Magner is president of Meeker-Magner. Richard T. Magner is executive vice-president of the agency.

J. M. Smith, president of Continental Casualty, was elected president of the Dad's Assn. at the Dad's day celebration recently at De Pauw University, Greencastle, Ind. His daughter, Lillian Smith, is a junior at De Pauw. Mr. Smith was vice-president of the association last year.

Ira Youngentob, superintendent of agencies of State Fire & Casualty of Miami, has a new entry in the insurance business. His younger son, Ken-

neth R., 21, who has just returned from Korea, has joined the staff of U.S. Underwriters, Miami general agency. Another son, Richard A., has been with the general agency for 2½ years and is presently manager of the fire underwriting department. Mr. Youngentob Sr. has been in the business 28 years.

Clark A. McMillen Jr., special agent of America Fore group at Madison, Wis., and Mrs. Thomas Hunt Lorenz of that city, were married at Grace Episcopal church there.

R. Dean Ballard, who is in charge of the issue department of All American Life & Casualty of Chicago, was married at Indianapolis last week to Mary Ruth Siebe, the daughter of Mr. and Mrs. Fred Siebe of Indianapolis. Mr. Ballard is the son of E. E. Ballard, president of All American L&C.

J. Victor Herd, chairman and president of America Fore, has been elected a director of the New York chapter of American Red Cross.

John L. Gay, 92, local agent of Berea, Ky., is retiring this year as mayor of the town. Mr. Gay, who is the only mayor the town has ever had, was elected to that post for the first time in 1910, having previously served as magistrate, police judge and city clerk. He will continue to operate his agency.

R. D. Watts, local agent of Beckley, W. Va., has been elected vice-chairman of the executive board of the Episcopal Diocese of West Virginia.

J. C. Emerson of Mayfield, Ky., celebrated his 50th anniversary as a fire and casualty agent Oct. 28 by running a full page advertisement in the Mayfield Messenger tracing the history of the agency and the history of insurance in the city from the first agency to the present. Mr. Emerson purchased his agency from its former owners in 1907. His son, W. T. Emerson, joined him in the agency in 1932.

Edward P. Gallagher, executive vice-president of American States, has been named a director of the Indiana State Symphony Society.

DEATHS

HARRY W. HANSON SR., 81, co-owner of Jeffersons Stationers of Springfield and former Illinois director of insurance, died at Memorial hospital, Springfield. Mr. Hanson was engaged in farming and the jewelry business at Princeton, Ill., until moving to Springfield in 1922 as chief clerk of the executive department of the secretary of the state's office. In 1929 he became assistant director of the department of trade and commerce, and the following year was appointed

superintendent of insurance under Gov. Emerson. Mr. Hanson and his son, H. Walter Hanson Jr., purchased Jeffersons Stationers in 1933, and Mr. Hanson Sr. was active in the business as president until his death. H. Walter Hanson Jr. operates Hanson Insurance License Bureau at Springfield.

E. E. IKIER, 80, one-time secretary of National Liberty and subsequently with Home, died at his home in Hollywood, Fla., after a long illness. Until he retired four years ago he operated as an independent adjuster in New York City.

EDWARD F. SUDBRICK, 77, secretary-treasurer of Growers Mutual Fire of Indianapolis since 1930, died after a short illness.

WILLIAM L. PIETSCH, 65, a New York broker for more than 40 years, and a partner in Pietsch & Ficke, died at his home in East Orange, N.J.

TOBIAS B. PURCELL SR., local agent of Elizabeth, N.J., died there.

MYRL G. UNDERWOOD, 55, who operated his own agency at Ann Arbor, Mich., since 1948, died at St. Joseph Mercy Hospital after suffering a cerebral hemorrhage. He was a past president of Ann Arbor Assn. of Insurance Agents, and had been with other agencies in that city since 1929 before setting up his own business.

SIMON A. HILDEBRAND, local agent at Oehlman, Ill., died of a heart attack.

FRANK ZINMAN, 65, founder and a partner in Zinman-Grossman-Lichtenstein Co. agency of Philadelphia in Sandusky, O., died.

F. A. GOULD, 74, an agent at Arkansas City, Kan., for more than 40 years, died. He was the first president of Kansas Assn. of Insurance Agents and had attended every annual meeting of the organization in the last 39 years. Mr. Gould was a member of a pioneer Arkansas City family and was with the Santa Fe railroad until 1912 when he purchased the insurance business of an uncle, the late Sam Gould, which was established in Arkansas City in 1883.

DONALD H. DAVIS, 38, executive vice-president of Public Service Mutual of New York, died at Roosevelt hospital, New York City, as the result of an automobile accident.

JACOB I. ROSEN, 60, agent of West Orange, N.J., died in the Presbyterian hospital at Newark of a heart attack.

ARTHUR H. HOTSON, 50, superintendent of group underwriting of Zurich at Chicago since 1954, died after a long illness. He joined the

(CONTINUED ON PAGE 40)



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Hartford Fire Names Healy And Winter To Chicago Auto Posts

Hartford fire has appointed John P. Healy superintendent of automobile in western department at Chicago. S. T. Winter has been promoted to associate superintendent.

Mr. Healy succeeds J. Wiley Burden who has retired after more than 35 years with the company. Mr. Burden

was also an assistant manager of the western department.

A staff member of the western department since 1937, Mr. Healy had been in charge of the loss division of the automobile department. He also was engaged in production and contact work throughout the western department territory.

The Loos agency of Fort Wayne has moved from East Wayne street to larger quarters at 2300 Fairfield avenue.

Kentucky Agents Plan Annual Convention In Louisville Nov. 17-19

Kentucky Assn. of Insurance Agents has completed a tentative program for its annual convention in Louisville Nov. 17-19.

Registration and a dinner for past presidents and executive committeemen will take place on the first day, Nov. 17. Registration will continue the

following morning after a breakfast meeting of the association's executive committee.

The formal program will be opened on the afternoon of Nov. 18. Commissioner Thurman of Kentucky will present a report of the insurance department, and Archie M. Slawsby, Nashua, N. H., and vice-president of the national association, will present the keynote address, "Your Key To More Sales." A film on the proposed national advertising campaign of NAIA will also be shown.

Sales clinics on fire and inland marine and on casualty lines will occupy the remainder of the afternoon program and will also continue over to the following morning.

Theme of the fire and inland marine sales clinic will be "Underwriting vs Losses." The clinic will be moderated by B. F. Adcock, America Fore group, and J. J. Ronayne, Commercial Union. Speakers and subjects scheduled are David J. Boyle, Royal-Globe group, and Henry C. Pfenniger, Peerless, nationwide fire experience and "why;" John R. Blackmarr, Scottish Union, and Edwin J. Wolaver, Hanover, the importance of agency underwriting; William H. Wilmore, New Hampshire Fire, and L. E. Driscoll, Norwich Union, benefits of insurance to value; J. R. Munson, Home, and George Wharton, Hartford Fire, "The Farm Picture," and Earl Stauffer, Fireman's Fund, and William A. Thayer, Security of New Haven, inland marine experience and "why."

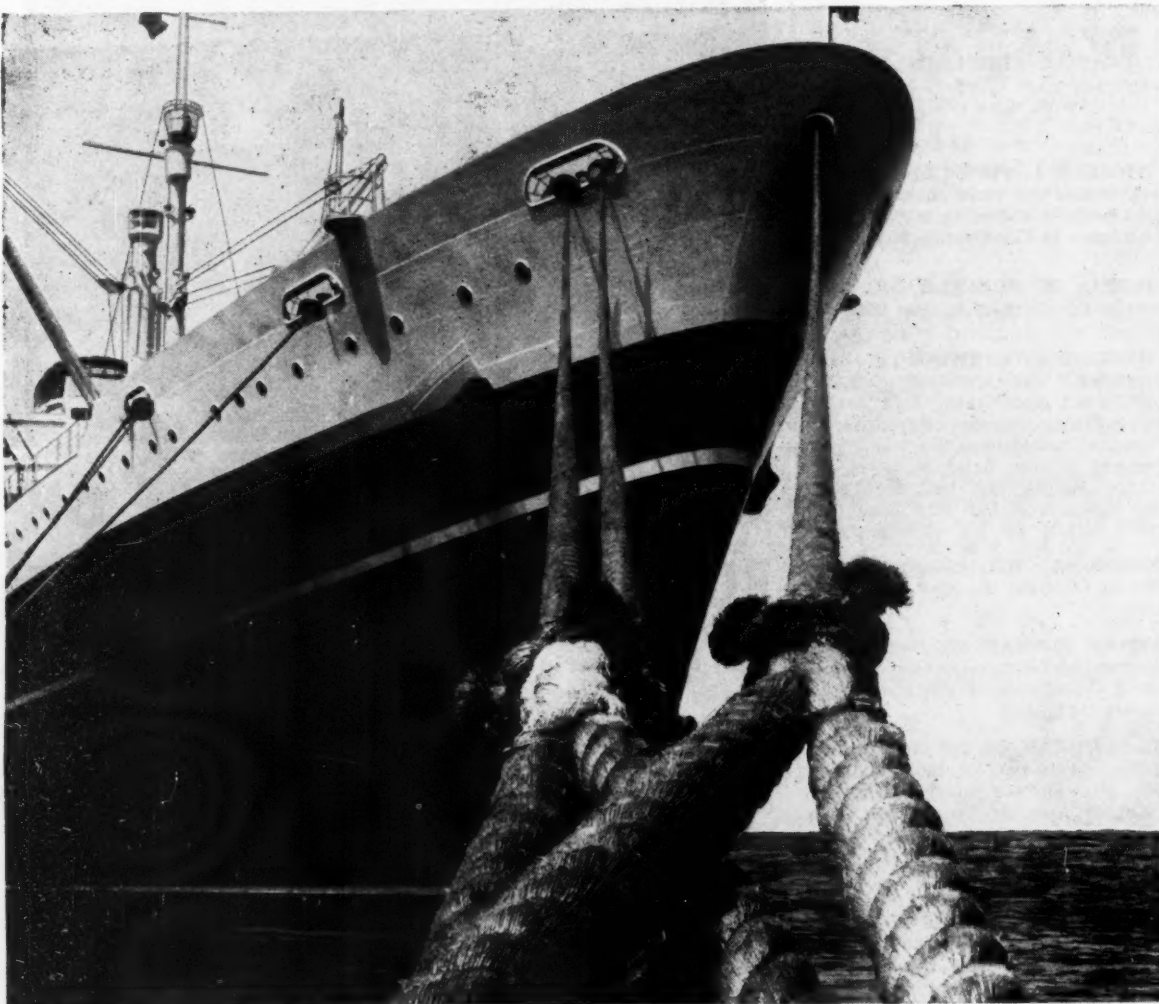
The casualty sales clinic, which will be moderated by Martin Boedeker, Royal Exchange, will present discussions of automobile, general liability, and fidelity and burglary coverages and will also review claims practices. Speakers will be Willard M. Brown, Glens Falls, automobile; E. C. Schoumacher, Maryland Casualty, general liability; Robert W. Schmitt, Fireman's Fund, burglary and fidelity coverages, and Benjamin Horton, Horton Adjustment Co., claims.

R. Newell Lusby, America Fore group, will discuss "The Uninsured Motorist" to start things off the morning of Nov. 19. Following his remarks, the sales clinics will resume. During the afternoon session, Ben M. Butler, Western Adjustment, Chicago, will review "These Changing Times;" Dr. John D. Long, Indiana University, will speak on "You Can't Take It With You," and a forum composed of all convention speakers will be moderated by President J. R. Montgomery. Election and installation of officers will conclude the convention program. Mr. Slawsby will act as installing officer and Commissioner Thurman will administer the oath of office.

N.H. Fire Appoints Lill Casualty Manager In Ohio

New Hampshire Fire has appointed John W. Lill Jr. casualty manager in Ohio, with headquarters in Columbus. He recently was with the Employers group as manager of the Cleveland office. Prior to that he was assistant manager of that office, manager at Charlotte, and for several years was with the home office of the group. He was also previously with Hollis, Perrin & Kirkpatrick general agency of Boston.

General Adjustment Bureau has promoted R. B. Hinnant, resident adjuster at Wilson, N.C., to manager at High Point, succeeding Roy E. Crews, resigned. G. M. Davis, formerly at Greensboro, will succeed Mr. Hinnant as resident adjuster at Wilson.



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Panel On Substandard Indicates Companies Advance In This Area

Five executives of companies selling substandard A&S told how they are operating in this field during a panel presented at the annual individual insurance forum sponsored by Health Insurance Assn. of America at New York.

The speakers commented on their problems and told how they are meeting them. Their remarks indicated that the companies feel they are approaching the substandard A&S field soundly and will continue to expand in this direction.

The main problem encountered in the substandard field is the one of marketing, Fred T. McCann, superintendent of the substandard division of Continental Casualty, said. A company must first determine if it is going to be active or passive in merchandising.

Passiveness is when a company only attempts to write substandard risks obtained from post-claim underwriting and normal rejections on standard business. The active is when a company aggressively seeks all this type of business that is available from all markets on a new business basis.

Mr. McCann said Continental Casualty uses the active approach, soliciting business not only from the standard agency plant but also from any agent, direct or on a brokerage basis. He pointed out this position is logical because substandard business is more or less proportional to the volume of regular A&S and hospitalization written by any one agency or individual.

No special forms or special underwriting techniques beyond a more careful than usual appraisal of risks are utilized by Guardian Life in issuing substandard A&S, Gerald S. Parker, A&S secretary, said. This more than usual risk appraisal, however, does involve consideration by the company's more experienced underwriters and closer medical evaluation. Guardian Life uses attending physician's statements freely, and medical examinations are given if considered helpful.

The company decided that any substandard program which it might develop for A&S should follow the general pattern of a substandard life insurance operation, said Mr. Parker. This decision was brought about because the company offers its A&S through regular life agency channels. It was showing higher rejection rates for A&S than for life, and was still riding a substantial percentage of issued cases.

Consideration for standard or substandard issue should be available regardless of the kind of policy involved, and regardless of the source of the business, so long as that source is acceptable for standard business, Mr. Parker declared. As a result, the company decided to offer substandard "across the board" for commercial, noncancellable and major medical.

Earle B. Tilton, director of underwriting-personal lines of Nationwide Mutual, wondered if the health insurance business is too lenient in not facing the challenge and following the life insurance practice of using just rated policies in substandard underwriting. He wanted to know whether his company was justified in leaving an impaired applicant with the choice

of rating or waiver. Should it instead offer only a rated policy, as in life, on the theory that less than full coverage is not the best way to serve and that a waiver is an out-moded tool? he queried.

Among some other questions Mr. Tilton wanted answered was whether the casualty companies operating without medical departments and examiners would be justified in experimenting with special class business by using reinsurance facilities on a facultative basis.

Since the first of the year, Nationwide Mutual has attempted to salvage physical rejections in new business by quoting extra premium coverage. He stressed that his company does not quote ratings on "better" cases as alternatives to waivers. As experience increases and if costs can be held down, Nationwide Mutual might expand the facilities.

Charles N. Walker, assistant vice-president of Lincoln National Life, said his company seeks to make substandard A&S available to as many people as possible at a fair price consistent with sound business. The company regards this as an obligation.

Lincoln National offers six commercial plans on a substandard basis and one guaranteed renewable policy on both standard and substandard bases. Most of the company's substandard policies are issued at full coverage, rather than with elimination riders. Some impairments still require riders, however. Policies are issued to persons with physical impairments ranging from 10% to 300% above standard.

The company entered the substandard A&S field in February, 1956. The volume of this coverage has not been large. As agents became more familiar with substandard, however, the volume has increased. Progress has been slow but satisfactory. With only 18 months of claim experience, there is little to say except that it has been satisfactory, Mr. Walker concluded.

Moderator of the panel was Byron S. Davis, manager of the A&S underwriting department of State Mutual. His company expanded into individual A&S in 1953. Although it is too soon to reach any conclusions, he said, the company has seen nothing to cause concern. Plans call for expansion in this area.



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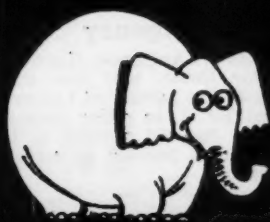


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A & S

George W. Kemper, A&S Leader, Retires

George W. Kemper, for 22 years superintendent of the A&H department of Fireman's Fund Indemnity, and for many years a leader in national A&S organization activities, retired Oct. 31 after more than 43 years in the business. He is a past president of Health & Accident Underwriters Conference, A&H Insurance Managers of San Francisco, and California Assn. of A&H Managers. He started in the business with a local agency at Fresno and moved to San Francisco to join Royal Indemnity in 1915. Later he was with American, North British, Olds & Stoller, Travelers, Great American Indemnity, and in 1935 Fireman's Fund group.



George W. Kemper

Name Advisory Group To National Health Survey

Dr. Leroy E. Burney, surgeon general of U. S. Public Health Service, has appointed representatives of the health professions, insurance, safety interests, labor, industry and other users of health statistics to an advisory committee on the national health survey.

The committee will review plans and progress of the health survey and help formulate principles and methods of cooperation with interested private and public organizations.

Among the members Arthur M. Browning, group vice-president of New York Life; Dr. Norvin C. Kiefer, chief medical director of Equitable Society; James Brindle, director of the social security department of United Auto Workers union; Dr. Leona Baumgartner, New York City health commissioner; Dr. George Bugbee, president of Health Information Foundation, New York; James F. Coleman, president of United Medical Service, Inc., New York; Dr. James E. Stuart, executive director of Hospital Care Corp., Cincinnati, and Dr. Ray E. Trussell, executive officer of the school of public health and administrative medicine at Columbia university.

Rowell Appointed Actuary For Health Service

John H. Rowell, consulting actuary at Hillsborough, Cal., has been appointed actuary for Health Service and Medical Indemnity of America at Chicago, stock companies owned by Blue Cross. He has been an examiner for the Pennsylvania insurance department and has been in an actuary capacity for Connecticut General, Kemper companies and California Inspection Rating Bureau.

Nominate Williams To Head N. Y. A&S Club

Raymond C. Williams, assistant manager of A&S of Mutual of New York, has been nominated as 1958 president of New York Accident & Health Club to succeed Edward E. Anderson, Commercial Travelers of Utica, N.Y.

Other nominees are Frederic W. Bumby, manager of the A&S division of W. L. Perrin & Sons, 1st vice-president; Austin C. Fleury, assistant manager of A&S claims of New York Life, 2nd vice-president; Douglas J. Moe,

assistant secretary of United States Life, 3rd vice-president; Jacob H. Gleich, claims approver of Metropolitan Life, treasurer; Emerson P. Stanley, representative of claims adjusting, Commercial Travelers, assistant treasurer; James J. Donaldson, manager of A&S claims of Mutual Benefit H&A, secretary, and George J. Hills, chief claims approver of New York Life, assistant secretary.

Executive committee nominees are William J. Kick, chief A&S underwriter of Fireman's Fund Indemnity, and William F. McCarthy, legal investigator of Equitable Society. Two more committeemen will be appointed later.

Zurich Introduces New Individual A&S Package

Zurich has introduced a new individual A&S package featuring hospitalization paying for 365 days of confinement on an indemnifying basis.

The plan also offers lifetime accident and lifetime A&S with a maximum of two years non-confining sickness coverage. Planned for introduction in the near future are guaranteed renewable, special risks, air travel accident, and association group. Policy format has been redesigned with policies of blue and gray on white and sales kits for agency use have also been prepared.

Pru. United Commercial Travelers Join HIA

Prudential and Order of United Commercial Travelers, a fraternal of Columbus, O., have joined Health Insurance Assn. of America, bringing total membership to 262 companies. Admission of the two new members was made known at the individual insurance forum held by HIA at New York.

A&S Plan For Federal Workers

Under the group A&S program for federal employees proposed by the civil service commission, a participating employee would be required to have both basic and catastrophic coverage. The government would pay a third of the cost. Basic coverage could be provided by employees' unions or associations, fraternal or Blue Cross-Blue Shield, provided it met standards set by the commission. The commission is distributing a series of fact sheets explaining the plan.

Hear Blue Cross Speaker

"The Inside Story of Blue Cross" was described by G. F. Liechty, assistant director of Illinois Blue Cross and Blue Shield, at a meeting of Chicago Actuarial Club. Mr. Liechty explained the theory and purpose behind Blue Cross and described the organization and mechanics of "service plans" in the U. S.

Northern Ind. A&H Assn. Elects

Northern Indiana A&H Assn. has elected James Loomis, Associates Life, as president. Other officers are Weymouth Fogelberg, Prudential, and Loyal Wilson Jr., Mutual of New York, vice-presidents; W. J. Roberts, Benefit Association of Railway Employees, secretary-treasurer, and Harold B. Means, Continental Casualty, chairman.

Western Michigan A&H Assn. will hear W. Clement Stone, Combined, discuss "How to Develop a Positive Mental Attitude" at a luncheon meeting Nov. 11 in Grand Rapids.

American Title of Miami has purchased Texas Title Guaranty of San Antonio. With assets of approximately \$350,000, the Texas firm will be operated as a wholly owned subsidiary of American Title.

FIELD

St. Paul F&M. Makes Several Field Changes

St. Paul F&M. has made several field changes in Florida, Michigan, Missouri and Ohio.

Special Agent Robert P. Mairs has been transferred from Richmond, Va., to Fort Lauderdale, Fla. State Agent M. E. Dressel, who has been at Grand Rapids, Mich., since 1948, has taken over that territory upon the recent death of State Agent William W. Page. Mr. Dressel will be assisted by Special Agent Robert E. Dopke, who has been transferred from the home office.

Special Agent Henry M. Woll Jr. has been transferred from the home office to St. Louis to handle the eastern Missouri field as well as adjacent territory in Illinois.

Special Agent Harold E. Horner has been transferred from Columbus to Cincinnati. Bradley L. Jones, who has been at the home office, has been transferred to Columbus as special agent.

Phoenix Of London Names Two New Special Agents

Phoenix of London has appointed two new special agents—Frederick O. Sinclair at Poughkeepsie, N. Y., and John Bolling Lewis Jr. in Virginia. Mr. Sinclair will report to the Albany office. Mr. Lewis will make his headquarters in the Insurance building in Richmond and will be associated with Manager Roy E. Bucher. He was formerly with Southeastern Underwriters Assn. as a fire engineer.

Fire Association Appoints Pittsburgh Special Agent

Fire Association has appointed Joseph C. Salamon casualty special agent in the Pittsburgh area. He has had 16 years experience as an underwriter and field man, and has also been in local agency work. He will make his headquarters at Pittsburgh.

Great American Appoints Hirsch Me. Special Agent

Great American has appointed Joseph E. Hirsch special agent at Portland, Me. He will be associated with State Agent Nelson P. Gamage there. Mr. Hirsch trained for his position in the home office, where he has been serving as an underwriter.

North America Names Two To Ky., Ohio Fields

Eugene C. McNutt, special agent in Kentucky for North America, has been named state agent, succeeding Frank G. Kavan, who is being transferred to Columbus, O., as assistant manager of Ohio. Mr. Kavan has been at the Louisville post for four years and Mr. McNutt for five.

D. W. Anderson To Join Louisville Agency

Donald W. Anderson, Kentucky field man for Home, will join the C. D. Harris & Son agency of Louisville, effective Dec. 1, as office manager and engineer. He will succeed A. G. Harrison who is leaving to establish his own agency.

14 Are Appointed, Shifted By Travelers Indemnity

Travelers Indemnity has made 14 field appointments and changes in casualty, fidelity and surety and fire and marine lines.

Donald L. Banta, field supervisor at

Hartford, has been appointed assistant superintendent of fidelity and surety at the 42nd street, New York city office.

Three assistant managers have been transferred—Harry B. Stringer, casualty, fidelity and surety, from St. Louis to Los Angeles, John R. Koller, casualty, fidelity and surety, from Minneapolis to Denver, and Robert S. Winter, fidelity and surety, from Dallas to Lubbock, Tex.

Nine field supervisors have been appointed—Jack S. Wilmoth, fidelity and surety, at Los Angeles; Ronald F. Smith, casualty, fidelity and surety, Yonkers, N. Y.; Robert L. Taylor, casualty, fidelity and surety, Richmond; John D. Ball, casualty, fidelity and surety, Toledo; James E. Highfill, casualty, fidelity and surety, Lubbock; Thomas C. Thompson Jr., fire and marine, Camden, N. J.; Bill C. Wylie, casualty, fidelity and surety, Indianapolis; John C. Archibald, casualty, fidelity, and surety, Dallas, and Richard R. Aronson, casualty, fidelity and surety, Milwaukee.

John M. Archer, field supervisor of fidelity and surety at Washington, D. C., has been transferred to the John street, New York City office in the same capacity.

Nebraska Blue Goose Name Fletcher MLG

Nebraska pond of Blue Goose has elected Fred A. Fletcher, Allied Securities Inc. general agency of Norfolk, most loyal gander; E. J. Nagel, Home, supervisor, Clarence E. Hedstrom, Hartford Fire, custodian; Lyle C. Johnson, Providence Washington, guardian; Del N. Shaw, St. Paul F&M, keeper, and Clem T. Rosengren, Western Adjustment, welder.

Ohio Farmers Names Young In Southeast Ohio

Ohio Farmers has appointed Lloyd E. Young special agent in southeast Ohio to succeed Howard Hollinger who has resigned to enter an agency. Mr. Young joined the company in 1953 and has been special agent in Minnesota since 1955.

McMullen State Agent Of Edmondson In Fla.

Geo. E. Edmondson & Co. general agents of Tampa, Fla., have appointed Thomas K. McMullen state agent. Previously he was a Florida special agent of the Higginbotham Co. 5½ years. Previously he had been an underwriter in Philadelphia with Pacific National Fire and Fire Association.

Pacific National Names Kelly At Philadelphia

Frank E. Kelly has been appointed special agent in Philadelphia for Pacific National group. Mr. Kelly recently rejoined the group after serving as general manager of RM Coffee Co. Prior to that he had been in the field for Manufacturers Casualty.

Percival Named Special Agent of New Hampshire

New Hampshire Fire has appointed Robert J. Percival special agent of the New Hampshire department in the home office. He is a graduate of the company's advanced training course.

Plan Lamar, Mo., Town Inspection

Missouri Fire Prevention Assn. will inspect Lamar, Mo., Nov. 19. A joint luncheon with the local Rotary Club will be held and a fire prevention demonstration will be presented by E. F. Epperson, Home, in the evening.

Conn. Asks Expanded FIA Classifications

Connecticut Assn. of Insurance Agents at its annual convention in Hartford adopted a resolution recommending that the NAIA property committee seek to get Factory Insurance Association to write additional high grade types of property which it does not presently write. Agents pointed out that they are losing good risks to the Factory Mutuals.

More than 500 attended the convention. Eben Learned Jr. of Norwich was elected president, Nelson I. Beers of Old Greenwich vice-president and Stetson Ward of New Haven secretary-treasurer. Valmore H. Forcier of Danvers was reelected state national director and W. Harry Wiley was re-appointed executive secretary.

The new executive committee is composed of George W. Haynor of Waterbury, retiring president; David A. North of New Haven, past president of NAIA; R. G. Huizinga of Stamford; E. S. Cowles III of Hartford, and John F. Phelan of Merrick.

By convention time the association had reached more than 90% of its quota for the NAIA advertising program. Many boards have subscribed 100%.

A large part of the competitive problem of the agency system is one of numbers, Mr. Haynor said in his presidential address. Most agents who have entered the agency field since World War II have been recruited by non-vested agency companies. Local agencies have failed to expand production manpower to a comparable extent.

This lag in manpower is a serious one, Mr. Haynor declared. For many agencies volume has increased beyond the agent's ability to serve his policyholders as they formerly were served. Agents and their companies cannot start soon enough to interest young men in getting into the business.

There is no excuse today for an agent worthy of his salt not being adequately prepared to take care of the insurance requirements of his clients in a professional way, Porter Ellis of Dallas, member of the NAIA executive committee, said in his talk. However, education by itself will not get the job done. In addition, the agent must ring door bells and wear out shoe leather.

Manhattan Casualty Bought By MacArthur

John D. MacArthur, owner of Bankers Life & Casualty of Chicago, has purchased Manhattan Casualty of New York for \$2,500,000. Sellers were David Baird, investment broker, for the account of three foundations he administers, and Richard Woike, another New York investment broker. The two acquired the company in 1955 from 13 taxi fleet operators.

Manhattan Casualty, with assets last year end of \$6½ million, began in 1949 as a taxicab liability insurer. For several years it had a substantial underwriting loss, but the last two years has made an underwriting profit. Its business is principally auto liability but it has been getting away from taxicab business into general lines, including workmen's compensation and a small amount of A&S. The company is licensed only in New York but has license applications pending in the New England states, Pennsylvania, New Jersey and California.

Bankers Life & Casualty is licensed in all states except New York, California, Connecticut, Maine, Massachusetts, New Jersey, Rhode Island and Wisconsin. Mr. MacArthur is reported to have added \$1 million working capital to the Manhattan Casualty finances.

Mr. MacArthur was identified last week by *Fortune* magazine as the richest man in Chicago, with an estimate that his fortune is \$100 million, and as one of the 76 richest men in the United States.

Slate Hearing In Cal. To Study PHD Discrimination

A subcommittee of the California assembly committee of insurance and finance will hold a public hearing Nov. 14 at Los Angeles to take up, among other things, allegations that large numbers of Californians are being denied physical damage insurance because of race, color or creed. Assemblyman Charles Wilson, a local agent at Los Angeles, stated publicly recently that the companies are practicing "discrimination" and if some changes are not made he would suggest the state go into the auto insurance business.

North Carolina has approved a North Carolina Compensation Rating & Inspection Bureau filing increasing rates 1.66%. The increase affects some 100 major WC classifications.



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Mo. Agents Reelect Griffith, Name Jennings V-P

(CONTINUED FROM PAGE 1)

federal regulation could become a reality, particularly with respect to commissions.

"Even though the state supervisory authorities are in a much better position to handle this," Mr. Ellis warned, "I am very fearful that a determined effort will be made by the federal government to pass laws to

regulate union welfare funds and pension plans of all descriptions."

Mr. Ellis pointed out that federal regulation in this field would ~~without~~ question regulate commissions and all other expense factors applicable to those types of business. "Is it not logical to assume that this could easily become the first step in the regulation

of other types of insurance?" he asked.

Commissions are a problem today, he said, because companies are faced with severe underwriting losses and agents who are endeavoring to do the service job which the insuring public demands and to which they are entitled are confronted with a constantly increasing expense factor within their own organizations. "We are faced," he added, "with a perfect setting for one of the greatest problems that has ever

faced the stock fire and casualty companies and agency forces of this country—the companies with their desire to reduce expenses and the agents with a desire to meet the increasing cost of their operations."

The amount of commission to be paid by a company to its agent is a matter to be determined by the parties concerned, Mr. Ellis concluded, not one to be fixed by any group either on a local, state or national level, and particularly not the national level. He reemphasized his opposition to federal regulation and indicated that the national association has taken steps to get together with company officials on a continuing basis to confer on joint company-agency problems, both those now in existence and any that may develop in the future.

Pat Whitaker, St. Joseph, a member of the education committee, predicted the eventual elimination of National Board of Fire Underwriters and National Bureau of Casualty Underwriters in a short talk before the association. He declared that the rating machinery of these two organizations is too cumbersome for today's highly competitive insurance business and said that rating will eventually return to an individual state basis.

Mr. Whitaker also repeated the association's position on the necessity for an agents' qualification law in Missouri. He said that the present proposal is to consolidate the annual seminars now held under state education department auspices into a single seminar, to replace the regional insurance institutes held up to this time.

Lyman Winter described the proposed national advertising campaign of NAIA and showed a film on the subject during the afternoon session. He was followed by Carl Bolte, National Fidelity Life, who spoke on "What's Your Boiling Point?"

On the final day, Warren A. King, insurance merchandising manager of Life magazine, presented a film, "Opportunities Unlimited in the Insurance Industry;" Richard L. Layton, Rough Notes Co., spoke on "How To Work Smarter, Not Harder," and Maynard Sands, Jackson county civil defense director, showed a film, "Disaster At Twilight," on the tornado which hit Ruskin Heights and Hickman Mills, Mo., last May 20.

The final event was the installation of officers at the banquet. State Sen. Albert M. Spradling of Cape Girardeau acted as installing officer.

GAB Names Three In La.

General Adjustment Bureau has promoted T. H. Cook Jr. to general adjuster at Baton Rouge and has appointed J. R. Lockhart to succeed him as branch manager there. W. J. Montet, who has been an adjuster at Lafayette, La., has been named to succeed Mr. Lockhart as branch manager at Opelousas, La.

Wisconsin chapter of NACCA has elected Peter J. Kondos president; Irving D. Gaines vice-president; Harry S. Sicula secretary, and Carl Glazewski treasurer. All are of Milwaukee.



Announcing

THE TABULATING SERVICE COMPANY, San Francisco, has joined Recording & Statistical Corporation as a new division.

Corrie L. Arthur, Jr., head of Tabulating Service Company, will be Western Manager of the new division.

This strategically located data processing center will offer west coast insurance companies and departments a service to meet any requirement—punched card tabulation, tape-to-card conversion, peak-load and special machine work in any volume. These and other services can be used on an individual basis, or integrated into a "package" designed by R & S to simplify and expedite data processing and save money for the company concerned.

Addition of this division is part of an expansion plan to meet the local and national data processing needs of the insurance industry, which we have had the pleasure of serving for more than 45 years.

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INQUIRIES FROM BONAFIDE AGENTS INVITED

Views Stock-Mutual Tussle For Farm Business

(CONTINUED FROM PAGE 7)

left are increasingly undesirable and not insurable elsewhere.

How can they stay in business? In their long career, he said, they have weathered worse storms than this, and they probably will come out of it. But it is going to take aggressive action on the part of top management to do it. The blame rests squarely on management, he declared. The leadership has been poor. The planning has been faulty. They are continually looking backwards in an attempt to correct mistakes that already have been made because of little or no advance planning.

But, he said, stock companies get tremendous mileage out of a national reputation, national advertising and a name that is known, which mean a great deal. A man that has a Hartford policy on his dwelling and household goods in town looks with favor on a Hartford policy for his farm.

Stock insurers have a consistent policy and a procedure that makes their actions predictable. Many insured like this, and they appreciate the looks of good looking letters, neat and attractive policies, and all the frills that go with an expensive policy. These are not to be belittled, he said. People are used to service, they are willing to pay for it, and the stock companies will give it.

Their premiums are predictable, and many insured stick to them for this reason.

Their worst liability, he declared, is also their biggest asset, they overpay claims. People may grumble when they pay the premium, but they know that in event of a loss they will be showered with dollars—and they aren't disappointed.

Stock companies pay for their business with big commissions. That is the way they get it. Life insurance would never be sold because of inherent resistance if large commissions weren't paid the solicitors. Stock property companies are using the same machinery.

The mechanics of putting the business on the books are what have licked the stocks. Poor underwriting, lack of inspections, wide open acceptance of risks geared to the use of adjusters unfamiliar with farm risks have tipped over the applecart.

Mr. Tinley said that the farmer will pay more than mutuals are charging but won't pay as much as the stock companies are asking. Somewhere in between is the rate level the business will be using in the foreseeable future, he predicted.

The mutuals have the advantages of insurance at cost plus the basic honesty and integrity inherent in individuals who trust each other. However, as farming has grown in size and com-

plexity, though mutual insurance has grown, it has kept its eyes glued on cost at the expense of the individuals it expects to perform miracles in its organization, the mutual secretaries.

"You are selling yourself too cheap," he declared. "Why overstress something that's important but to the exclusion of items equally important?" Actually, he said, the mutuals have been subsidizing the farmer and have overworked and underpaid their people. A minor rate increase would hardly be noticed by insured, but what a difference it would make in the personal living standards of the mutual personnel. It would make the job more valuable and attractive, it would give the mutual personnel a future to shoot at, and it would make mutual personnel proud enough of the business to urge their children to follow in it. Mutual secretaries are not doing this urging today, he declared.

The lack of uniformity in mutuals is startling. He said his company deals with 363 of them. In some, directors control the company; in others, the secretaries control; in most of them, it is a toss-up who controls. When the chain of command is cloudy and directors can and will counteract plans and instructions of the secretary, it leaves doubt and confusion everywhere. Particularly, it is demoralizing to the secretary himself, the man who is charged with doing the job but who is not provided the tools with which to accomplish it.

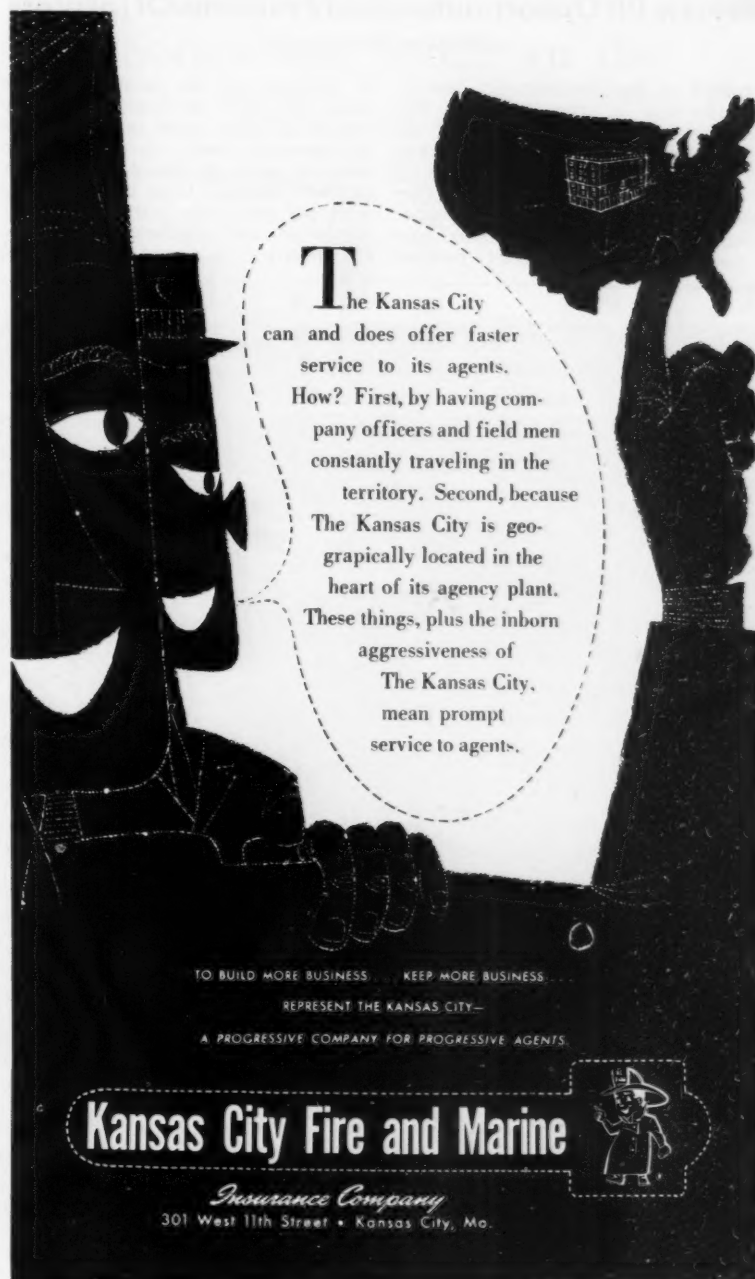
Mutuals have two products to sell, protection, and that is priced in the right bracket; and the performance and service of the secretary, agents and adjusters—and here the mutuals practically have made the farmer a gift. That gift comes from the pockets of mutual personnel and out of the standard of living of their families.

Because of the contest of wills between directors and secretaries, he said, inevitably the insurance product turned out by such companies is weak, and the company does a poor job.

He recommended that mutuals get rid of directors who take the job for the \$1,000 a year it pays and put on heavyweights, men who are successful. Don't permit directors to be agents. Get men who are going to look at the picture over-all.

Don't let directors adjust losses or even advise on insurance. All contacts with policyholders should be through the secretary or appointed agents or adjusters. Insist on authorization to direct and supervise and control the company, he advised mutual managers.

The services, ability, education, background and particularly the experience of mutual secretaries is being sold too cheap, in fact it is being given away, he declared.



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Review PR Opportunities And Problems Of Insurers

(CONTINUED FROM PAGE 3)

product of the competition." Institutionally this is often forgotten. Defending institutions of business, "we sometimes talk like constitutional lawyers or Ph.D.s in economics."

Insurers should tell insured how they design policies to meet a consumer need, how they find and develop customers, so that a high quality product

is available at the lowest economic price. Tell them, he urged, why a big country with an almost insatiable need for insurance needs big companies to meet the demand, why the industry is and will continue to be in partnership with big and little businesses, what legislative and regulative conditions are needed to do the best job of sup-

plying insurance to all kinds of buyers, what competition means, how their buying controls company decisions, insurers maintain high employee and community standards, and what companies are doing to achieve progress in product and in relationships with the community.

Insurance assumes responsibilities and reduces the tensions associated with being subject to the perils of living, Mr. Marshall pointed out. Insurance assuages the anxiety connected

with "going it alone." The insurance company is there not only to pay off but to do battle for insured. Money is not enough. People desire to get more than just financial coverage. When they're in trouble they expect their insurance company to defend them and thus remove their feelings of guilt. If their company doesn't, they feel abandoned.

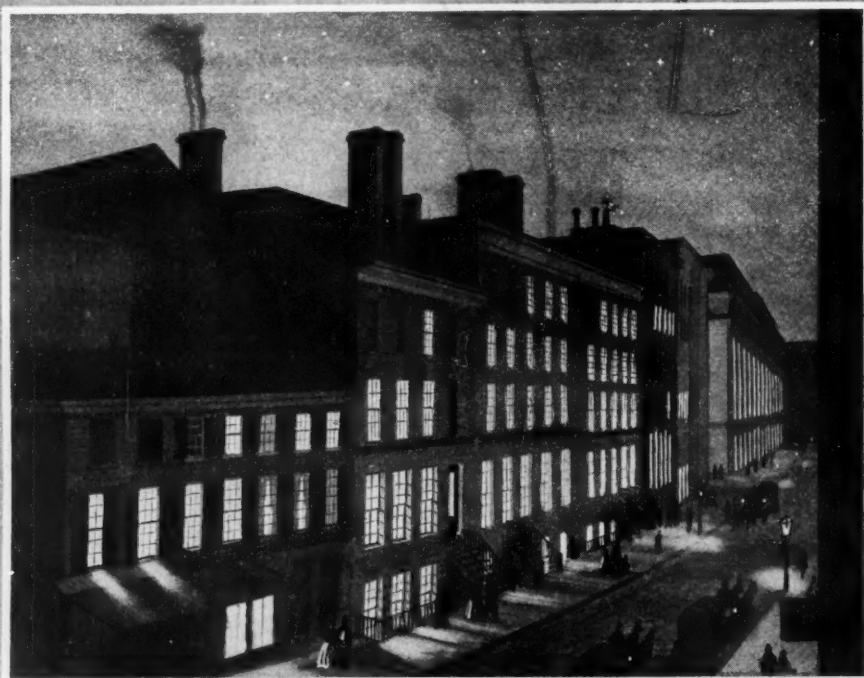
Insurance is one concrete way that people have of warding off the anxiety associated with thoughts of disaster, he said. Many people feel that if they do something concrete, things will be changed. In some respects insurance is like "knocking on wood"—by paying something, an offering, trouble may be avoided. Policyholders who have been dropped because of too many accidents not only have to face the possible effects of the accidents and the fact that from now on they will go unprotected or have to pay a lot more for protection, but also they feel excluded from the community. They feel bitter, outcast, and "no good" and they hate those who made them feel this way.

People feel the need for reward. A conscious source of resentment and hostility toward the automobile insurer is the fact that there is no reward for good driving. The no-accident driver feels that he deserves some sort of a "merit system" as a result of his "good driving." Outside of the very practical consideration of getting a rebate for his good behavior, there is an almost child-like need on the part of many no-accident drivers for recognition of some sort. An acknowledgment of their value to the company seems to be important to them.

In connection with the need to trust, Mr. Marshall said, many people feel that insurers take advantage of the complex nature of insurance. They hide reservations and limitations in "fine print" and in a language which makes them inaccessible to the average person. Only after an accident happens do they show the "little print" and prove no coverage. Too often they feel that they are treated peremptorily, discourteously and remotely. In a business that is so intimately connected with "personal protection," this is especially disquieting. More than any thing else, the policyholder wants to feel that the company is "involved" with him personally. Policyholders talk proudly about "my company" and "my agent."

There is also the need to know. For the most part, insurance is not clearly understood by policyholders. They are confused about the kinds of insurance and the meanings of specific policies. They want a simple presentation of insurance programs and a simple "nut-shell" version of policies. Most people feel it is possible to express ideas in "simple language" and they wonder why insurers rarely do so. The fact that companies often do not communicate the meaning of their coverages to policyholders results in cynicism and hostility. Many policyholders know little about the relationship between accidents and insurance rates. They want to know what is being done with the money they pay for insurance, and where the profits go. They feel that a service which involves protection to life savings, reputation, and family should be understandable.

Under the structure of a mass society, people desire to be understood and respected as individuals, Mr. Marshall pointed out. Many expressions of disappointment, resentment and other negative feelings are found among policyholders, evoked because someone



When the lights went on in New York *Chubb & Son was already six months old*

The click of the switch that lit the lights in New York on September 4, 1882 was far more significant than it appeared at the time. It did more than show electricity had become a household servant, it ushered in a mechanical era that was to change all concepts of insurance protection. An era in which Chubb & Son, organized just six months before, was to play an important part.

At first the new firm's interest was largely ships, but its willingness to apply fresh thinking to the challenge of the times soon broadened its scope to the point that its business today is world wide and includes almost every form of insurance.

This year, in celebrating its 75th anniversary, Chubb & Son with a continuity of management and tradition continues to look ahead and plan ahead to meet the challenge of a new era—an era of electronics, supersonic speed and atomic power.



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was following company procedures and policies and treating people as policy numbers instead of as individuals. People don't like to be called "risks," desirable, undesirable, preferred, or assigned. Not only may the undesirables of today be the desirables of tomorrow; they also have families, friends, neighbors and colleagues who are exposed and will be influenced by whatever feelings these people have about insurer management. People resent stereotyped procedures. They do not feel insurance is an ordinary business. Expectations are greater, disappointment is deeper than in other commercial relations. Policyholders request thoughtfulness, tact, and care in their individual cases which may call for new procedures and different employee and sales representative and field adjuster training. How do companies treat the youthful driver? The mechanical classification of young drivers on age or marital status is widely resented by them and their parents. Insurers are expected to use more discrimination, more individualized methods to determine the degree of caution, stability and maturity of a driver under 25.

Another cultural trend is toward more information and active participation—away from "leaving it to the experts." Increasing specialization is unavoidable in a machine age. But the ensuing attitude of "leave it to the expert" and its spread to ever wider areas now is understood as a threat to democracy and its basic function—people's understanding of and active participation in their own affairs.

Advanced American industries now have introduced workers' participation in managerial decision, parent-teacher cooperation is growing, adult education and audience participation are blossoming, he said. To keep abreast of this growing trend, what are insurers doing to involve policyholders more in the activities of the companies?

One cultural counter-trend, against immaturity, has resulted in a new concept of "safety," he observed. Research has disclosed that individual policyholders have begun to look at problems of safety and insurance in a new way. Today safety authorities are focusing their attention on what they call "safety thinking," the individual's emotional stability. The appeal to fear appears rather outdated and ineffective. People who are emotionally unsafe cannot be impressed with the horror of accidents.

A fourth significant cultural trend is that underneath the prevailing profit motive in American business and industry, the display of a service attitude becomes more and more apparent. There are three reasons for this development: Competition enforces "intangible" service; consumers have become conscious of their power and want business to work for them and be on their side, and size forces business into the public institution category.

How can insurer management utilize this knowledge and put it to work?

By applying the test of whether both the policyholder and the company will gain and when in doubt by putting the policyholder's benefit and needs first, Mr. Marshall said. In addition, it is accomplished by demonstrating that anything and everything done affects the company's personality as seen by the public and especially policyholders, and by placing the policyholder nearer the top, not at the bottom of the organization.

Mr. Marshall recommended setting up policyholder groups, further humanizing operations, eliminating the term "risk," not calling agents but advisors or counselors; getting away wherever feasible from the grip of mechanical statistics; humanizing company rejections and cancellations; offering some reward for years of accident-free driving if not in terms of money perhaps in other forms which recognize and reward the good driver. Also, by breaking down the legal language barrier between company and policyholder by rewriting the policy or by an additional popular interpretation to go along with the policy contract; briefly explaining insurance terms; by rewriting and redesigning most forms to remove the wall between insurance and people, by answering the mail, and by applying new concepts of safety.

In the decade following World War II, new public relations departments in corporate organizations increased 42%, Mr. Baumer said. Money allocated for public relations purposes, on the average, was three times greater in 1955 than 20 years before, while the average corporate public relations staff grew from 10 to 24 persons.

This growth represents one of the most significant changes in the attitude of management toward any business function, he declared. Management is learning that the public is interested in its story, and if a business executive does not tell the story, some one else may tell it for him.

Management is learning, too, that the development of sound public relations has been attended by vast sociological benefits, a more healthy climate of public opinion, a fuller understanding of mutual problems, a reshaping of business policies better attuned to the public interest. But there have been failures, and they have frightened away many businesses from entering into a more ambitious PR program. A few years ago, the Public Relations Society of America conducted a survey which revealed some significant data on the reasons for these failures. The seven principal causes are inadequate program preparation; objectives not clearly defined in advance; not enough coordination of various participating agencies or groups; attempting too much with the existing organization, funds, or other resources; using a poor idea to begin with—one which does not deserve to succeed; inept and inexperienced leadership and direction, and failure to think the whole project through before getting started.

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planning and programing? PR by nature is intangible. There is the common misconception that public relations is essentially a publicity operation. There is the tendency to view public relations short-term rather than long-term and to apply corrective rather than preventive measures—yet confidence must be built over the years and established firmly enough to withstand temporary adversity. Then planning is often neglected because of the press of day-to-day operations.

There are three fundamental steps preliminary to planning a public relations program, he said.

First is to determine management policy, for public relations is a management function. There should be broad participation—the policy should be simple, understandable and applicable to every employee rather than being the exclusive property of the experts.

A second major step before planning a PR program is to establish principles of organization. Some com-

panies have dozens of people in their public relations departments; some have all such work done by PR counseling organizations; while others use both counseling organizations and inside departments. The important thing is that a PR department be set up, and that a means be devised for coordinating all public relations activities within the organization. One way to insure this is to make the manager of the public relations department directly responsible to the president.

The third step is to define the prob-

lem to evaluate public attitudes. Once these findings are assembled the PR man can study the specialized problems which face his company and visualize a company image as the public sees it.

The ultimate objective of good PR for any company is constant—to win friends for the company or a specific cause, Mr. Baumer said. There could be any number of corollary objectives of particular application to the specific problem or company, such as winning recognition and respect for the company as a leading producer in its field; stimulating employee pride in the company; or creating good relations with the community.

The next step in planning is to define the audiences. For a mutual fire or casualty insurer these might include employees, policyholders, safety and health officials, agents and brokers, schools, newspapers, radio and TV, labor groups, community groups, vendors, tenants, federal, state and local governments, the financial world, and the general public.

Preparing what the company wants to say to the various audiences is the next stage in planning. The fact that audiences are quite different might lead one to believe that messages to different audiences ought to be quite different too. The problem here is one of determining what the audience is interested in rather than assuming a ready-made interest. Since actions will always speak louder than words, the company should be concerned with thinking of things to do rather than things to say. Here is where company policy begins to operate in the most direct manner.

What a company does for employees, what action it takes in dealing with policyholders, how it lives up to its citizenship obligations in the communities in which it operates, how it works with editors and commentators—these are the determining factors in the PR program rather than what is said to these groups.

Selecting the media to be used requires judgment in selecting the appropriate media for each project or segment of the program.

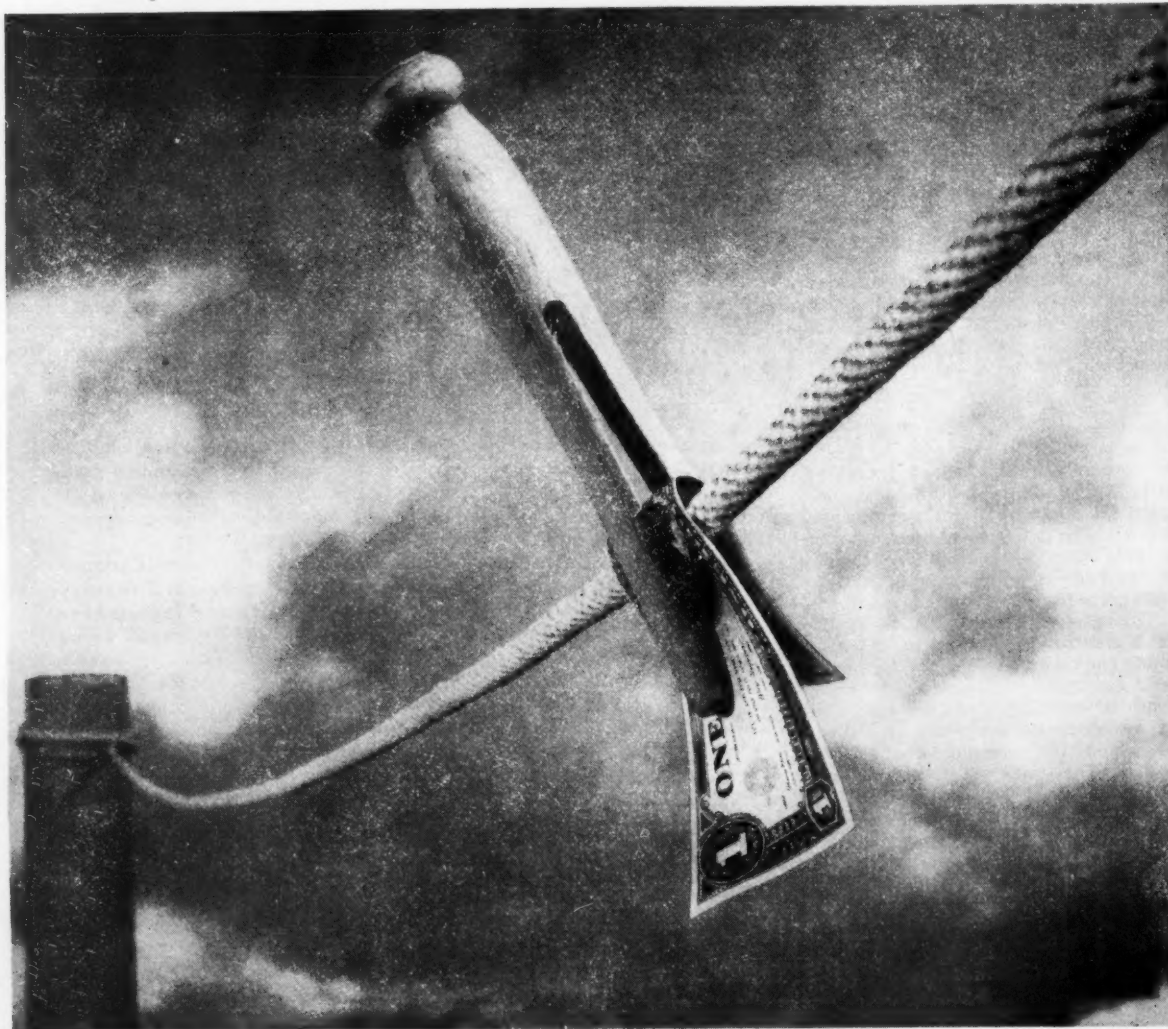
Preparing a budget is vital. One cause of PR flops is attempting too much with too little money.

Establish a program schedule. Mr. Baumer believes that any PR project can be scheduled just like the handling of a claim. PR programs should be subject to time controls. PR people can be as creative as any group—and on schedule. The field of public relations is full of deadlines, but it has no room for deadheads, he declared.

Requiring periodic reports to management in a final step in administrative planning.

Aside from purely technical and administrative know-how, the two most important attributes of the successful public relations executive are imagination and judgment—the sum of which is creativity, he opined.

"Unforeseen events . . . need not change and shape the course of man's affairs"



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St. Louis Buyers Hear Anderson Discuss Fire Rates

W. C. Anderson, manager of Missouri Inspection Bureau, described advantages of schedule fire insurance rating at a meeting of St. Louis insured members conference of Associated Industries of Missouri.

"Schedule rating," Mr. Anderson said, "is a system of rating that recognizes and lends support and encouragement to the various activities in the fields of fire protection and fire prevention," not one which is merely the result of statistics. Among the activities contemplated by this rating system, he said, are the formulation and constant revision of building codes such as the National Building Code of National Board, the Building Officials Conference of America code, and the uniform code of Pacific Coast Building Officials Conference. Schedule rating recognizes these codes by providing lower fire rates for better classes of construction and charges for deviations from the codes.

Fire protection activities can also secure lower rates under schedule rating, Mr. Anderson observed. Fire protection appliances, including proper types of fire extinguishers for the particular risk, sprinklers, fire alarms, watchmen's services, and the proper handling and storage of inflammable materials, all can produce lower rates under schedule rating when standard safeguards are observed, and all can produce higher rates when such safeguards are ignored, he said.

Regardless of the direction in which the curve reflecting the general level of fire insurance rates is tending, Mr. Anderson concluded, the individual property owner can very largely control the rate on his property under schedule rating. "If he builds well; if he locates where the best available public fire protection is found; if he observes recommended and recognized standards in the installation of his plant equipment and in the use and storage of materials, and if he keeps his premises in good order, schedule rating rewards his efforts by producing a much lower rate than would apply if he ignored these practices. Schedule rating thus operates in the interest of individual property owners as well as in the interest of the general public and of fire insurers."

AFIA Legion Elects

AFIA Legion, composed of employees of American Foreign Insurance Association with 25 or more years of service, elected Miss Elsie J. Treen president at the annual meeting in New York City. She succeeds Frank H. Kipp.

The group, organized 12 years ago, now has a membership of 67, 26 of whom are in the home office. Fourteen members have been with AFIA 35 years and 20 members have completed 30 or more years of service.

Other officers elected were Theodore B. Deems vice-president, Emma Christofer secretary, and Archibald Cubbin treasurer. Continent vice-presidents named are John F. Brown, Sydney, Australia; Mme. Olga Sleskine, Paris; Olga Freda Mason, Bombay; Maurice I. Costi, Cairo, and Sara Daniel de Wahr, Santiago, Chile.

Allstate has appointed James R. Banks public relations manager at the Salem, Ore., regional office. He has been executive secretary of Oregon traffic safety commission.



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Workshop Program Features IAC Midyear Meeting

(CONTINUED FROM PAGE 1)

sibilities on the *Times* are insurance, utilities, investment companies and atomic energy, was quite realistic about the kind of "news" the insurance business supplies his newspaper and the inefficient, inept manner in which they get it to the copy desk.

The trend away from fine print and the presentation of policies in understandable language with illustrations have demonstrated that people are interested in insurance, Mr. Smith said. One reason insurance is not much represented in daily newspapers is because no daily, not even the largest, can put one man on the x subject full time. However, the newspapers are not entirely to blame for the non-use of insurance news, he added. The service provided by the insurance companies in this respect is weak.

He said that in his office a reporter who has been gone from the *Times* for three years still gets releases from insurance companies marked "personal." The mail division automatically routes these missives to the man's home. Releases are directed by name to a man who formerly was with the *Times* but who now is the state banking superintendent. Mr. Smith said he gets some releases addressed to a number of other persons including an editor who has been dead five years.

This is a simple matter to do properly, he advised. Send a change of address card once a year. Then at least the news would get to the right person.

When insurance companies blanket the entire news staff with the same release, they are asking for trouble, he commented. Though some newspapers do not like to have more than one release come in, Mr. Smith thinks the best procedure is to send two, one to the editor and the other to the reporter covering the field. This is a safety play, in case the editor is away, or the reporter, for some reason, is not on hand when the release comes in.

Getting the release to the proper person sounds pretty elementary, he observed, but the many blunders that insurance companies make every day in this area—and continue to make day after day—show they are not attending to the basics of the job of getting news published.

He urged insurance men to be selective in the kind of news they send to newspapers. Winning a trip to a distant city by selling so much insurance may be important to Joe Doakes, his wife, his children and even his grandchildren, but it is of no consequence to the 600,000 readers of the *New York Times*. Yet, he said, enough of this sort of nonsense comes daily into the *Times* to fill half a printed page.

"Who can really expect a big daily to print such trivia?"

Or, he said, take the case of anniversaries. They make good reading in a house organ and perhaps trade papers have space for such things, but daily newspapers "can't care." The same goes for sales records by agents or offices.

He said he appreciated the dual role of IAC members, who handle advertising and news releases. But, he warned, newspapers have no such tie-in. The insurance company that seeks to get its news published by way of the advertising department of the

Times is asking for trouble. Also, he adjured, don't break news around an advertisement.

Yet advertising may suggest a news story, he added. For example, the formation of a syndicate is advertised, and the launching of such a new venture could be news. Or, advertising the recall of certain issues may mark the end of an era and be the start of a news story.

But news of a new coverage accompanied by an advertisement puts the news room on notice to reject the release.

Two other practices irk newspaper men, Mr. Smith added—ignorance of the newspaper's deadline, and complaints, either those that are wholly unjustified or those that are directed to the wrong persons.

It only takes a self mailing post card to find out the deadlines of the media with which the insurance company is dealing, he pointed out. With the big daily there is a daily deadline and a weekend deadline. Another point in this connection is that insurance companies don't take the trouble to learn when and what kind of pictures the media is apt to use. For example, a number of companies still send pictures to the *Wall Street Journal*. Also, if photographs of a news situation are being sent to all media, a somewhat different picture should be sent to each of the dailies. If this is not done, it is quite unlikely that any of the dailies will use it. Of course, he reiterated, for heaven's sake learn the name of the editor to whom it should be sent—that indicates care has been taken in, at least, the procedure.

Mistakes do happen on a newspaper, he conceded, but there is no excuse for complaining to a reporter about a headline. Reporters on dailies don't write headlines. Newspapers regard complaints as legitimate when they concern misinformation, but the complaint should be made to the reporter who wrote the story. Don't go over his head, he advised.

Mr. Smith gave the dictionary definition of news as something new, novel, etc. He went on to say that the *Times* tries, in the business and financial division, for at least one "explain" story a day. These are news articles of interesting situations. For example, he received a release on the number of truck cargo hi-jackings which he did not regard as worth news treatment. However, he then learned that one out of 10 workers in the United States is in some way associated with trucks, and truck cargo operation. That suggested a large audience for an "explain" in this field which will some time be written.

Or, take car thefts. He had a car stolen and the procedure for recovery fascinated him. However, the insurance agent didn't even know the procedure. The insurance aspects of a plane crash—hull and passengers—is another news situation. There are opportunities for many of these explain type articles. The advertising-PR man of an insurance company could nudge the newspaper reporter on situations of this sort. The reporter needs the basic background material, and should have it in file before the occasion for using it. Such information would have been invaluable when the *Andrea Doria* sank, he said. The insurance coverage on the *Mayflower* pro-

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vided an interesting story with pictures. Atomic energy insurance is another news field, and what are the insurance implications of interplanetary communication? Personalities in the insurance business would provide another source of news, and here the matter is entirely up to the insurance public relations man.

Mr. Schenke asked if it helped a release to have a caption. Mr. Smith said yes, if the story is a technical one. Would it help to mark a picture as exclusive, if it is? Yes, Mr. Smith replied. When there are more than five persons in a photograph, he said, the editor begins to look for persons who can be scissored off.

If a company has something special, it will help to write a note or telephone and ask if the newspaper can use it, he said.

Mr. Holz pointed out that FTC is asserting its jurisdiction over insurance in spite of the McCarran act and decisions of the Supreme Court.

He said supervision of insurance advertising goes back as far as 1906 in New York, when a statute was enacted prohibiting misrepresentation. Early in 1956 the New York department promulgated regulation 34, which embodied a new, comprehensive advertising code. Administrative coordination and field training in the department is facilitating the policing of rules against misleading and deceptive advertising—but so as not to inhibit or retard the proper promotion, sale and expansion of A&S.

The principles of regulation 34 also are being applied to the advertising of life insurance and annuity policies, he said.

However, the department cannot be at the side of insurance advertisers each time they get up an advertisement, Mr. Holz commented. The department expects that all will abide by the rules laid down for the industry's guidance.

The rules prohibit certain descriptive words and phrases such as "all," "full," "complete," "comprehensive," "unlimited," "up to," "as high as," "this policy will pay your hospital and surgical bills," etc.

The test in every case, he explained, is whether the advertisement does or does not have the tendency and capacity to mislead or deceive.

He said he is firmly convinced that the federal government should not become involved in the supervision or regulation of insurers or their advertising. States are taking care of the job.

Conservatism, stodginess and downright dullness have too often characterized most insurance advertising, Mr. Schlosser said. Consequently, a good portion of the public often gets no more message or stimulation from the ad or direct mailer than from the mumbo jumbo language of a typical insurance policy.

It is small wonder that agents and brokers frequently are critical of the stock insurers they represent when the salesmen get such mild support for their solicitation efforts, he declared. Effective advertising in any form must make the contact and the ultimate sale easier—especially when competition in the field is increasing steadily.

The insurance business offers many opportunities for employing the latest advertising techniques. It is a creative business, he observed. As new hazards occur due to changes in daily living and working habits, new forms of protection must be devised to minimize

the impact and effect of accident or misfortune. In addition, old and new hazards always present the challenge of developing new forms of accident prevention techniques and devices.

Mr. Schlosser urged insurance advertising officials to lead their companies away from colorless and unimaginative promotional material. He likened the insurance field to the pharmaceutical industry in its earlier days and pointed out that the pharmaceutical firms were among the first to recognize the importance of utilizing creative art in their advertising approach to the medical profession and the general public.

He said the terms "creative art" and "color" should not frighten advertising managers and others into thinking of high prices. No matter what size the budget is, he explained, it can be fitted to good art work. There are many variables in determining costs. For example, the number of colors will influence final cost in terms of the printing bill. Yet, in the hands of a skilled, creative artist, the proper application of two colors will often give a more striking effect, colorwise, than a four or five color job improperly handled. Art need not be elaborate. It may be applied to any size job, from a postcard to a book. There are times when the postcard may be the most effective way of delivering a message, more effectively than something costlier and more elaborate.

Executives who want to know every dollar-and-cents detail on what their purchasing dollars buy seem far less concerned with how many people their advertising dollars are delivering, Mr. Schlosser said. Insurance advertisers presumably are out to reach every adult American they can. Consequently, they should be interested in readership. Such advertising also should have personal impact, and it is highly important in insurance advertising not to confuse the corporate image—otherwise the benefits accrue to some other insurer.

Readership of a magazine does not mean that the advertisement in the magazine reaches that many persons, he pointed out. In fact, the percentage of readers of a magazine reached by, say an insurance advertisement, is reasonably low. However, a study shows that the average score of "heavy-weight ads" was 4.2 above the average for all advertisements. The average score for the lightweight ads in this study was 2.4 points below the average for all ads. This spread of 6.6 points means a difference of 6.6% of the readers of the magazine which he was discussing.

Also, he added, advertisements with strong focus, that had a definite starting place for the eye, got better readership than ads with no clear starting place. These well focused advertisements averaged 4.1 points above the all-ad average, while the ads with weak focus were 2.8 points below the average. This was a 6.9 point spread. In this case the difference was more than 420,000 readers per advertisement.

He emphasized the need of arousing curiosity with an advertisement, the necessity of challenging the self interest of the reader, and the importance of using human dramatic situations which a reader can identify.

By all means, Mr. Slessar urged, advertising men should avoid dullness, triteness, incoherence, unfairness, pomposity, vagueness and fickleness. Conversely, an advertisement should never be dull but always be interest-

ing; it should be different, it should take a chance, it should try to strike out in the way of new techniques and new methods of presentation; it should be clear; it should be fair; it should be natural; it should speak the reader's language; it should be specific, and it should be consistent.

In order to establish the proper

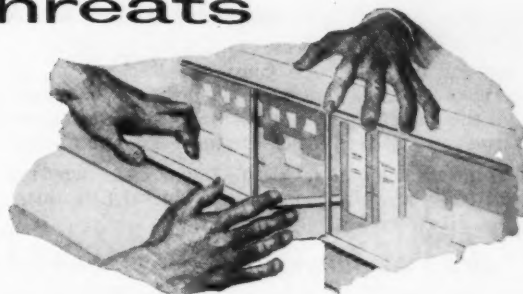
corporate image, he recommended that the advertising be individual, emphasizing the differences of the company; that it be associated with the company name, and that it should be consistent.

Mr. Blank discussed the different purposes for which the three processes, letterpress, offset and gravure, are best adapted.

PRODUCTION POINTERS



Three Threats



Three threats menace the assets of most businesses:
Dishonesty, Disappearance, Destruction.

Therefore most merchants, manufacturers, and other businessmen in your community *need* the protection of the broad 3-D Policy. However, very few of them *have* it.

This gives you a tremendous opportunity to expand your commercial accounts and add substantially to your volume of worthwhile business.

Our new circular—"Three Threats"—is designed to pre-condition prospects and pave the way for the sale of the 3-D Policy. It will pay you to ask the Zurich-American field man about it—also to let him tell you about Zurich-American's complete criminal loss protection program and what it can do for you.

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You should be the man to handle all your clients' insurance... including Life.

And you can do it through your Life Department. It's as near as your telephone, and offers you, the general insurance man, all the advice, specialized service, sales and promotion assistance you will need to sell life insurance profitably.

For full information on your Life Department, why not call our local office or write Connecticut General Life Insurance Company, Hartford, 15.

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City State

OPERATING IN IND., KY., MICH., OHIO, PENNA. AND W. VA.

Farm Mutuals Face Need Of Achieving More Capacity And Writing Other Lines

A multiple line company formed by farm mutuals to write coverages in package policies so that the farm mutuals can protect their basic business on good farm risks was suggested by Ralph R. Botts, agricultural economist of the U. S. Department of Agriculture, to the farm fire conference of National Assn. of Mutual Insurance Companies at the convention in New Orleans. The large deposit required for a multiple line operation otherwise might be insurmountable, he said.

Mr. Botts also emphasized that with the increased investment in farms and farm equipment, the farm mutuals are hard pressed to furnish the insurance capacity needed. Here he suggested reinsurance. However, because of the windstorm hazard and the high rates for reinsurance, a joint fire-wind policy with a larger company might be the answer.

Earl L. Cooper, secretary of Mutual Insurance Companies of Indiana, in his report at the state association luncheon, also dealt with the problem created by multiple peril coverage.

Mr. Botts told of some of the developments expected ahead for agriculture in this country. In 1910, every third person lived on a farm; now only one in eight do so, and it is predicted by 1975 that only one in 14 will. Each farm worker supports about 20 people in addition to himself, double the 1940 figure.

Farmers no longer raise their own power or grow their own fuel, which has meant a large increase in tractors, milking machines, combines, pickers, etc. Farms are getting fewer but larger. The city limit sign is only a tax boundary now, and not a cultural, educational, recreational, social or economic boundary. Consequently the kinds of insurance needed by city people also are needed by farm people, for the same reasons.

Farm people need even more kinds of insurance than people in town, he said, such as employers liability (or workmen's compensation), more public liability because of the wider range of activities, and auto and truck liability.

Modern farming is highly vulnerable to economic fluctuations, he pointed out. An operator who uses bad judgment or who is the victim of a cost-price squeeze can go broke more quickly than a generation ago. For example, depreciation, taxes, interest and insurance account for more than

a third of production expenses—and these items all are fixed costs not directly related to the level of farm output. They accrue even when crops fail. If a farmer disregards depreciation as a cost he may find he is living off his capital rather than out of net income.

The farmer's investment has increased tremendously in recent years, so the major problem of insurers is capacity. Does the company's safety fund permit it to write the large values represented today in farms? If not, reinsurance is the answer, he said.

More and more mutuals fear the consequences of levying an extra assessment, he observed, even though they started as post-loss companies and had different assessment rates every time they levied. Members appear to have become more or less disinterested customers. So reinsurance is essential to cover today's valuations without risking unduly accumulated safety funds or taking a chance on an extra assessment. Adequate coverage is necessary to serve and hold members.

Reinsurance on fire coverage of high valued buildings is readily available from, in 13 states, state-association-sponsored reinsurers, he said, or from nearby companies via pro rata. But wind poses a more difficult problem because of recent storms that have brought widespread loss. Here, a seller's market exists, and reinsurers apparently believe that they are doing a favor to accept wind reinsurance—even at a high rate. This attitude exists whether the primary insurer operates over a large or small area. Often the wind reinsurer will not renew its contract except at an increased rate and only if it also gets the fire reinsurance. Thus the fire reinsurance cost is increased.

A company that has not yet added wind coverage might consider doing so, he said, either in a joint policy with another company accepting all of the risk, or by a 100% reinsurance arrangement.

Underinsurance on wind has been a chief reason for the increasing windstorm rates of companies that make wind insurance available for lesser amounts than the fire insurance carried on identical buildings. High wind rates make competition tough.

Farm mutuals may be forced by competition to offer additional perils.

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REINSURANCE

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he said. Admitting that some frills and fringe coverages are included in the package policies, if they drain away the suburban dwelling risks of farm mutuals and perhaps later the best farm risks, farm mutuals will have to do something about it, he declared. In the meantime, he said, the best defense is to use rate classification to hold the best risks. It is protection against the major catastrophes at near cost.

Pointing out that the addition of liability in the homeowners poses a company with the problem of many states requiring a \$1 million surplus, Mr. Botts suggested one solution for the smaller farm mutuals might be to organize a multiple line company to carry their liability and medical payments coverage in a joint policy. Those smaller companies that don't write additional extended coverage or theft could transfer these perils to the multiple line company. Each company might use its joint policy only when it needed to do so to meet competition.

Some consideration might also be given to more blanket coverage on personal property and dwelling contents, he said. But here coinsurance may be necessary to encourage insurance to value. Till now coinsurance has been avoided by farm companies, even on livestock, where underinsurance is common and where single lightning losses account for most claims.

But with replacement costs still rising, any greatly increased blanketing of personal property will surely bring still more underinsurance and even higher rates unless shelter can be found under a coinsurance clause. He noted that because crop hail losses are settled on a percentage basis, trends in loss rates that result from changes in crop valuations are eliminated. A percentage settlement is equivalent to settlement under a 100% coinsurance clause. So, coinsurance avoids increases in loss rates attributable to underinsurance. If coinsurance were more generally understood, it might provide the solution for obtaining more stable rates in fire and windstorm cover.

Mr. Botts suggested that the multiple line company he had in mind might operate nationally and be controlled by directors who were farm mutual people. This would prevent it from competing on lines local companies wanted to keep. Capital would be contributed from surplus funds of participating companies. Later the farm mutuals might want to use the insurer to expand into general and automobile liability.

Perhaps the most dangerous thing

about packaged insurance is that it is used competitively to get business away from other companies, he declared. Farm mutuals must resell the real purpose of providing adequate coverage at the lowest possible cost. Instead of trading dollars on small losses at high rates, it is better to get superior risks, keep losses down as much as possible through inspections and give adequate protection at low cost. A deductible eliminates the small claims that increase insurance costs needlessly, he said.

Increased claim consciousness and underinsurance have created an untenable situation for the commercial companies, he said. They must increase rates, which places them in still worse position to compete with the farm companies.

"I do not think it necessary to follow them all the way over the cliff after we find they are on the wrong road," he declared.

He suggested a deductible at low rates could be offered side by side with first dollar coverage, including the frills, at contrastingly higher rates.

Mr. Cooper said many Indiana mutuals are providing multiple peril insurance and several recently have made blanket farm personal insurance available to their members. Companies that do not keep pace with the times will fall by the wayside, he commented.

Three local farm mutuals operating in single counties have started writing their own windstorm insurance. Five or six local farm mutuals have started writing a joint policy. This is not regarded as the total answer. Many farm mutuals have only 500 or 600 policyholders and up to \$3 million insurance. It is impractical to write a joint policy with such companies. They will either have to merge with another company or eventually fade out of the picture. Last year many farm mutuals had high fire loss ratios. But most of them are eager to get additional business even if it is undesirable, and they do not like to cancel policies, especially large ones, even though the individual loss ratio may be high for several years.

Mr. Cooper also emphasized the problem of underinsurance. The problem of lightning damage to electrical appliances has been a big one to all association members. One company is providing a \$50 deductible fire at a reduced rate, and most members have accepted it, which has relieved the company of hundreds of small claims each year. Another company has placed hundreds of surge arresters in use, furnishing and installing them free of charge. After three years of experience, this appears to have been a fine investment.

GROW

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and allied lines
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Toronto Vancouver Calgary Havana Caracas London

Ohio Agents Assn. Elects Hemphill President

(CONTINUED FROM PAGE 17)

Sr., executive secretary, and his staff were reappointed. Retiring president Fred H. Johnson, Columbus, is slated to be state national director succeeding Karl D. Dakin, Lebanon.

The convention was somewhat divided between the Commodore Perry and Secor hotels. Fortunately, Toledo was blessed with excellent weather on the two days of this year's streamlined meeting, so the members on hand flowed back and forth with a minimum of personal inconvenience.

One of the outstanding events of the program was the panel session which was to have featured the executive heads of the three largest stock insurance companies in Ohio. Presidents J. C. Hiestand, Ohio Farmers, Howard E. Sloneker Jr., Ohio Casualty, and Frederick E. Jones, Buckeye Union companies, were listed on the program, but in the absence owing to illness of Mr. Sloneker, James I. Scott, vice-president Ohio Casualty, spoke. Their remarks are reported separately.

There was a tremendous turnout—augmented considerably by non-registrants from Toledo and surrounding areas—for the presentation of the

NAIA advertising campaign by Frank Schaffer of Doremus & Co., the agency handling the program. Mr. Schaffer said representatives of Doremus & Co. had, up until the Ohio meeting, presented the program before 27 state associations, and that a substantial portion—later reported to be \$663,000—of the funds needed for the campaign have already been raised. William H. Levering, Cleveland, presided at the advertising session and introduced Mr. Schaffer.

The association adopted a resolution condemning the procedures used by Ohio Inspection Bureau in increasing the extended coverage rates on dwelling buildings in April of this year, and in increasing the term multiples applicable to fire and allied lines this past August.

The resolution criticized the fact that agents in some areas were unofficially notified that a one week's grace period would be granted and since notification of this extension was not received by all agents, rate discrimination resulted. The resolution went on to point out that the grace period permitted the pro rata



John W. Hemphill



T. M. Gray Sr.



F. H. Johnson



Ivan Steiner

cancellation and rewriting of policies, which in effect, circumvented the revisions.

Other resolutions commended the Ohio general assembly for its granting cabinet status to the superintendent of insurance, for providing a point system for drivers licenses and for providing an examination fee for new applications, but noted with regret that the assembly had not yet seen fit to enact workmen's compensation legislation; requested the insurance superintendent to take steps to reduce the frequency of rate change announcements; announced approval and full support of the NAIA advertising program; commended the companies which feature the independent agency theme and symbol in their advertising, and reaffirmed the position of the association favoring exclusive state regulation of insurance.

Many state government leaders were on hand, headed by Gov. C. William O'Neill. Also present were Attorney General William Saxbe, Superintendent of Insurance Arthur I. Vorys, and from his department, H. Kiehner Johnson, deputy, Ralph Thomen, warden, Robert Syfert, rating chief, Dr. Albert G. Caris, statistician, and C. Donnal Behm, casualty rating supervisor.

The first session, the farm writing agents meeting, had Robert E. Gorman, Paulding, presiding. Mr. Gorman introduced Brice Hendrixson, Batavia, who narrated a skit devoted to a working explanation of the special survey and rating plan for farm risks.

Harold S. Roos, Wauseon, played the role of a farmer's agent, Harry Tilden, special agent Hartford Fire, a farm special agent, and Mr. Gorman, a typical farmer. The skit was interrupted periodically to permit Fred Schroer, special agent Home, to present slides illustrating the features discussed.

Following this skit, J. R. Munson, manager Chicago farm department of Home, cautioned his audience that even farm business—in spite of the old cliches that all "farm business is good business"—requires careful underwriting today. Particularly is this true, he said, with respect to secondary dwellings and outbuildings which have been acquired through the expansion of a farm, and which would probably not be replaced following a loss.

Running concurrently with the farm session was a sales session featuring an address on the human side of selling by W. W. Ellis, field supervisor Aetna Casualty. Mr. Ellis was introduced by Frank B. Kase, and executive of Picton-Cavanaugh, Toledo.

Mr. Ellis stated that even though this is a period of "unlimited" prosperity, this is one of the most difficult periods the insurance companies have had to endure. The big bugbear, he said, is, of course, automobile. As he sees it, the focal points of the automobile problem are the driver himself and the salesmanship of the agent. The driver has still not

learned to control his auto, he said. "Yet, we are expected to control it for him . . . solve the unsolvable." The public expects us to solve the problem of highway slaughter with money, he continued. "Massachusetts tried that," he stated, "but there isn't enough money in the world to do the job."

The solution, he went on, is to drive like civilized people and money can't force that.

Mr. Ellis believes the agency system is still the most effective way to market and service the driving public because the agent has a monetary interest in seeing to it that his customers are properly taken care of. "This is no hit and run system. This is a proven system which has weathered the test of time. The agent just doesn't walk away from his customers, he has to live with them."

Mr. Ellis concluded with the thought that the independent agent must raise his sights, saleswise. "We're alluding to the big NAIA ad campaign."

The effort the Ohio association has made in recent years in the field of insurance education made this subject a must on the convention program. The entire afternoon of the first day of the meeting was devoted to some phase of that topic.

While the agents themselves were listening to a presentation of the educational opportunities offered by the insurance institute schools in Ohio, Douglas N. Avery, adult insurance coordinator Ohio University, conducted a meeting for approximately 100 field men who had participated in the activities of the insurance schools. The theme of that meeting was a lecture demonstration on creative thinking through the use of the "brainstorming" technique, designed to teach the field men how to use the technique itself, to illustrate its advantages and, via the technique, to come up with some ideas on how the field men could aid and assist agents in the use of the NAIA ad program.

At the agent's meeting, Mr. Hemphill, Mr. Steiner and Robert L. Cook, Martins Ferry, stressed the need for educating not only agents themselves but all agency personnel. The practices and procedures of Ohio schools were explained, and Mr. Cook presented a series of slides showing typical classroom activity.

As an extension of the educational portion of the program, Ralph M. Wilkoff, Youngstown, chairman of the casualty liaison committee, introduced Mr. Syfert and Mr. Behm, from the Ohio insurance department, who explained the mechanics—from the viewpoint of the insurance department—of figuring a rate, the elements necessary to arrive at a so-called equitable rate, and the difficulties inherent in promulgating adequate rates in a period when values are steadily rising. Mr. Syfert said that agents could expect more territorial revisions in Ohio—that the trend is to smaller and smaller territories.

Howard Craddock, West Virginia

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OHIO FIELDMAN OPPORTUNITY

Established Independent Multiple Line Company has opening for Special Representative to travel central and western Ohio. Ohio experience with stock casualty company needed. Salary open. Write Box X-57, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

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manager Aetna Casualty, spoke at the traditional young agents breakfast—reserved to agents under 35 years of age. Mr. Craddock, who was introduced by Thomas W. Wagner, Steubenville, chairman of the young agents committee, said that good business is predicated on good business practices. All of the improved methods of operating an agency which have been reported in recent years, he said, such as better collection methods, new office systems, better underwriting techniques, mean money in the agent's pocket, if he will just take the time and trouble to learn about them.

Tuesday morning, the spotlight was focused on the national association as Mr. Dakin introduced Louie E. Woodbury Jr., the newly-elected president of NAIA, and Maurice G. Herndon, Washington representative.

Mr. Herndon explained the need for political activity by insurance agents in the grass roots of America. He said that he was puzzled by the lack of political activity among insurance agents considering all there is at stake. He pointed out that agents have a tremendous potential for influencing public opinion which is as yet unrealized. He mentioned three specific areas—self-insurance, group insurance and regulation—in which insurance agents have some cause for concern. Regulation, he said, is a most delicate subject. "It is a full grown conclusion in Washington that there will soon be a thorough investigation into state regulation of insurance."

Mr. Woodbury hit hard at the reluctance of too many insurance agents to face up to changing conditions in the business today. He said that agents must be willing to change to meet the new challenge of the business... that failure to change will lead to oblivion.

He took pains to praise the proposed ad campaign of the NAIA and to defend the big "I" insignia which, he said, has a very high recognition rating.

Insurance Women of Toledo were in charge of the ladies program. Frances Schneider, president, and Mabel Crowley, chairman, mapped out a delightful program for the wives.

The Syracuse china offered by Excelsior was won by Mrs. Fred L. Hirsch of Columbus. The portable television set offered by Continental Assurance was won by Robert Hill of Toledo. The convention closed with the traditional banquet Tuesday evening at which the principal speaker was James C. Gheen, the renowned New York City salesman and humorist.

Equity Mutual Appoints Willis To Fire, IM Post

Equity Mutual has appointed Kenneth E. Willis to handle its fire and inland marine underwriting. He has been in insurance since 1926 and is a former vice-president and director of Western Millers Mutual of Kansas City.

E. D. Bass has been appointed vice-president of the Sweet agency of Miami. He has been in charge of the agency's fire department since 1955. Formerly with Florida Inspection & Rating Bureau at Jacksonville, he went to Miami as a special agent of the bureau in 1947.

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Bond Underwriter

Supervisor \$12,000

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N. Y. Hears Proposals To Change Insurance Law

(CONTINUED FROM PAGE 2)

in his custody at Albany. This would cure a delay of nine to 26 business days for registration and deregistration of securities and would allow companies to participate in stock market transactions within 24 to 72 hours.

Feeling was divided over a two-part proposal to amend the insurance law to prescribe that the reserve for unearned premiums be kept separate and apart from all other funds and at all times be deemed a trust fund for the benefit and security of policyholders, and that in event of liquidation, the superintendent would be authorized to use such a fund to purchase similar replacement insurance in a solvent insurer for the policyholders affected.

Robert Douglass of Potsdam, legislative chairman of New York State Assn. of Insurance Agents, asked that it be made mandatory the superintendent make such a purchase in case of liquidation.

As to creation of an unearned premium reserve trust fund, comment was that such a move would "hamstring" the companies. Both National Board and Assn. of Casualty & Surety Companies opposed such a fund. Mr. Berry asked to what would premium tax apply? Alvin C. Bennett, special counsel of the New York department, questioned whether such a trust fund could be set up. Mr. Epes termed it "unnecessary regulation" and said the present law is adequate.

Virtually across the board opposition—Greater New York Brokers Assn. excepted—was expressed to enlarging provisions of the insurance law to provide that failure to give notice required in the policy within the time prescribed shall not invalidate a claim if such failure does not prejudice the rights of the insurer. It was generally argued such action would not be in the public interest and would put undue burden upon the insurers. Counsel for the brokers, Joseph Danahy, however, supported the proposal, contending present law practically breeds litigation.

Engendering considerable comment but little opposition were two proposals concerning A&S. One would allow Blue Cross and Blue Shield jointly to underwrite a contract on a predetermined percentage. John Shurtleff, Blue Cross counsel, said the result would be lower cost to subscribers. The second proposal would grant equal authority to Blue Cross to provide certain services offered by Blue Shield.

Another proposal affecting non-profit hospital service, medical expense indemnity and dental expense indemnity corporations by imposing the two-year wage agreement limitation on them was opposed by Blue Shield's counsel, Richard Davis. He said the wording of the proposal prohibits giving Blue Shield officers pensions.

Favored by mutuals and opposed by stock insurers was a proposal to amend the state vehicle and traffic law to permit the deduction of dividends paid to policyholders from gross direct auto BI premiums in the report filed with the commissioner of motor vehicles—used for computing assessments to defray the expense of administering the compulsory auto law.

Mr. Murphy suggested a proposal be drafted which would overcome dual coverage under the compulsory law by establishing that the cancellation date of an old policy be recognized

as the inception date of a new policy.

Two other proposals were introduced from the floor. Irving P. Dinnerman, New York broker, asked for legislation which would assure agents and brokers commissions on insurance written in New York on New York residents garaging their vehicles in other states. Edward Cirlin, president of Brooklyn Civic Committee, urged the department take steps to prevent insurers from cancelling auto policies without giving insured 10 days notice—action, he said, which results in many people driving cars without insurance and in unwitting violation of the compulsory auto law.

Among the proposals discussed at the afternoon session was that by Mr. Douglass, that assessment cooperative representatives be put under the requirements of the agent licensing law. Other legislation proposed would:

—Amend the standard fire policy to give the right of appraisal and arbitration to insured as well as insurer.

—Establish statutory authority for the issuance of participating policies by stock A&S insurers.

—Reduce from 4% to 2% the rate of accumulation of the special contingent surplus fund prescribed for in non-profit hospital service, medical expense indemnity and dental expense indemnity corporations.

—Enlarge the extent to which such corporations may invest in real property.

—Declare all false, deceptive and misleading advertising to be unfair methods of competition and deceptive acts or practices in the business.

—Separate the motor vehicle liability security fund into separate funds for

stock and mutual insurers.

—Establish a policy bureau in the department.

—Provide that no policy, other than life, annuity or A&S, may be written on a group plan under a master policy at rates lower than those applicable to individual policies covering similar risks.

—Make agent's educational requirements inapplicable to bail bond and credit insurance agents.

—Prevent persons adjudged untrustworthy from gaining control of insurers or agencies.

—Set a \$20 uniform fee for every broker's certificate of authority and require applicants for such certificates be at least high school graduates.

Royal Employees Elect

The Royal Guards, Royal-Globe employees with 25 or more years of service, elected T. Corwin Steele of the New York office president at the annual meeting in New York. More than half the membership of 1,052 employees were present. Members in the midwest met at Chicago, and west coast members met in San Francisco.

Other officers are H. T. Lewis and W. T. Spiegelberg, vice-presidents; Mary Walter Wiesenthal, treasurer; Mary L. Slattery, secretary, and Edna Walz, assistant secretary.

Dodge County (Wis.) Agents Elect

Dodge County (Wis.) Assn. of Insurance Agents has elected John Kemnitz, Beaver Dam, president; Elmer C. Nitschke, Beaver Dam, vice-president, and Frank P. Schindlerle, Mayville, secretary-treasurer.

Tracy Moore Jr. has assumed ownership of Arthur Strand agency of Ilwaco, Wash.

SECURED

"An Indiana Multiple Line Company"

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Capital	1,150,000
Policyholders Surplus	3,236,722

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Tells Accomplishments Of Inter-Regional

(CONTINUED FROM PAGE 2)

mended change in the term multiple. This demonstrates the type of service Inter-Regional can perform. At the meeting of the commissioners in June a committee urged that prompt action be instituted to bring about a change in the term rule. This recommendation was communicated to the executive committee of Inter-Regional and

within 10 days a meeting of insurance representatives of the entire industry—stock, mutual and independent—was held in the office of Inter-Regional in New York. Unanimous agreement was reached that a change in term multiples was necessary and desirable. The task of implementing the decision nationally was entrusted to Inter-Regional

al. To date some 37 rating jurisdictions have adopted the revised term multiple and it is hoped that it will become effective in all jurisdictions within a reasonable time.

This progress could not have been achieved without the wholehearted support and cooperation of state regulatory authorities, Mr. Close commented. It offers a splendid example of what can be accomplished when there is a high degree of cooperation between state officials and industry, he said.

At the Zone 6 meeting of commis-

sioners in Seattle, Mr. Close said, Inter-Regional stressed particularly the attention the conference has been devoting to more prompt recognition of prospective loss and prospective expense experience in the rating system. Inter-Regional now is engaged in research to develop a defensible formula for recognition of trends in fire insurance experience.

He said the six basic principles advocated for the guidance of fire rating organizations in the review and adjustment of the over-all rate level within each state presently are under re-examination by the conference and within a short time a revised and amplified version of them will be sent to regional and rating organizations. The conference expects that along with this revised version will come a specific recommendation on how to apply a so-called trend factor in rate level adjustments that will enable rating bureaus to give consideration to prospective loss experience and prospective expenses.

The conference, he said, is opposed to emergency rate increases of an arbitrary nature and does not favor rate level adjustments made without regard to the merits of the classifications involved.

Replacement Cost Calculator Issued By Marshall & Stevens

Marshall & Stevens, the appraisal firm has issued a handy cardboard replacement cost calculator for computing the replacement cost of residential buildings and household furnishings. The calculator is simple to put together and quickly gives the property owner approximate replacement costs.

The figures are dramatic in their delineation of how much costs have increased since 1940. For example, a residence that cost \$15,000 in 1940 would cost \$42,750 today. Household furnishings that cost \$8,000 in 1940 are worth \$18,800 in 1957.

The card carries a place for the imprint or sticker of an agent and it emphasizes that "if you are not fully insured, it is not enough."

P. W. Schumacher, general manager of Marshall & Stevens at 420 Lexington avenue, New York 17, states that the company will send up to 50 calculators free of charge to any one requesting them. The company is particularly interested in getting them into the hands of agents, brokers, and field men who can pass them to insured and get across the importance of insurance to value.

Blackburn Joins Aetna Casualty Advertising

Melvin H. Blackburn has joined the advertising department of Aetna Casualty as assistant to Howard C. Pulver, fire and marine advertising manager. He recently was director of market research and sales promotion of Security-Connecticut group and previously served as assistant editor of Travelers magazine, *Protection*.

Insurance Library Assn. of Boston has elected Walter C. Small of Field & Cowles agency president to succeed Ralph G. Hinckley, retired New England manager of American group. A. Brooks Parker, vice-president of Boston, was elected vice-president, and Benjamin M. Hermes, manager of New England Fire Insurance Rating Assn., was reelected treasurer. Librarian Abbie G. Glover was reelected secretary and assistant treasurer.

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Va. Court Draws Line On Allstate PHD Deviations

Virginia supreme court has upheld the state corporation ruling that Allstate cannot subdivide auto collision classes beyond the classifications approved by the commission for Virginia Insurance Rating Bureau.

It is true, the court stated, that there is no express statutory requirement for uniformity of rates or classification. Moreover, the very process of permitting deviations authorized by law contemplates that there may be differences of classifications within the limitations specified.

But the fact that the rating bureau is required to make certain filings that they are deemed to be filed on behalf of all of its members, and that all members must, except for permitted deviations, adhere to such filings, contemplates that generally speaking the classifications will be uniform.

"Certainly," the court averred, "there is no requirement that the commission must grant every deviation which any insurer may request."

Since 1948 every insurance company operating in Virginia and writing physical damage insurance on automobiles has been required to be a member of the rating bureau, the court opinion points out. The bureau is required to file with the corporation commission manual, minimum, class rates, rating schedules or rating plans relating to such insurance in the state and all insurers are required to adhere to such filings, except that with approval of the commission they may deviate in certain respects.

From October, 1948, until January, 1956, the commission had approved a rate schedule filed by the bureau for collision insurance of private passenger automobiles based on a single classification and without regard to the nature of their use.

In January, 1956, the bureau filed a plan providing different rates for collision on private automobiles according to the general nature of their use, for pleasure, for business, and for male operator under 25.

Allstate then filed for deviations in the rates, 10% on comprehensive, fire, theft, etc., but not including towing on private cars, 20% on autos, and a subdivided classification for private passenger automobiles. Class 1, non-business use with no male operator under 25 was subdivided into cars (a) used to and from work, with estimated annual mileage of more than 7,500 miles with a discount of 23.5%, and cars (b) used for pleasure only, with estimated annual mileage of over 7,500 miles with a deviation of 25% and under 7,500 miles with a deviation of 32.5% in rate.

Class 3, business use with no male operator under 25, over 7,500 miles, deviation of 20%, in rate; under 7,500 miles, deviation of 28%.

Allstate pointed out that from Oct. 18, 1948, until approval of the new rates, under various administrative orders the commission had permitted this classification with deviations in Allstate's rates on collision on private automobiles.

The rate bureau did not oppose deviations on comprehensive, etc., and on commercial automobiles. But it opposed the collision deviations.

The commission authorized the first

two but because of lower than average expense ratio, approved a 17½% discount on collision. The commission denied the subdivided collision classes. Allstate appealed.

Allstate testified that its experience justified the classifications under which it had been permitted by the commission to operate from 1948 to 1956. This experience, showed, Allstate said, that privately owned passenger cars driven to and from work had a higher frequency of accidents than those driven for pleasure only. According to Allstate's experience, cars insured upon the basis of the owners' estimates that they would be driven over 7,500 miles per year had a higher frequency of accidents than those which had been insured upon the owners' estimates that they would be driven less than that, it was argued. For 1953, 1954 and 1955 the loss ratio on rates charged according to the proposed deviations would have been approximately the same as Allstate's national average, he testified.

The commission pointed out that the plan filed by the bureau and approved in January, 1956, had been "established and based upon the experience of all companies after a careful study by the commission of changing conditions and the needs of the insuring public which began in early 1951" and ended shortly before the plan was filed. The soundness of the commission's conclusion in adopting that plan was not challenged. In substance, the court stated, Allstate's position is that from its own experience it concludes that its proposed plan is sound, that such plan will result in a substantial reduction in the premiums compared with premiums which it would have to charge under the plan approved by the commission, and that it should be allowed to pass this saving on to the public. The issue is not so simple, the court said.

The rating bureau contended that Allstate's collision deviation is not "a uniform deviation from the class rates, rating schedules, rating plans or rules respecting any kind of insurance, or class or risk within a kind of insurance," as is permitted in the law. However, the commission did not base its decision on this point, and the court was not called upon to decide it.

As the court interpreted the opinion of the commission, it denied the request of Allstate on the grounds that:

(1) The plan which the commission approved in January, 1956, was established after a long and careful study of the experience of all insurers which write this class of insurance; that this plan is based upon "the use generally made by the public of private passenger automobiles and is readily usable by all companies," and is so used by all; and that such plan "distributes the total cost of insurance equitably among all policyholders;"

(2) All companies should be required to use the same general classification which has been established; that there are 340 insurers writing this class of insurance in this state and to permit each to set up its own classification would "lead to confusion and a breakdown of effective regulation" of rates;

(3) The proposed plan of Allstate is not shown to be sound and proper because it is based upon its experience alone and not upon the experience of all companies writing this class of insurance;

(4) The proposed plan of Allstate is unsound because it is based in part upon the premise that a car driven

Boylan Is Nuclear Assistant To Dorsett

Nuclear Energy Liability Insurance Assn. has appointed Francis X. Boylan assistant to General Manager J. Dewey Dorsett.

Mr. Boylan has been an underwriter in the special risk department of Indemnity of North America at New York. He is a specialist in retrospective rating. He entered insurance with National Bureau of Casualty Underwriters in 1950.

more than 7,500 miles per year has a greater risk exposure than one driven less than that mileage. Yet Allstate's statistical data is not based upon the distance which the insured car is actually driven. It is based upon the mere estimate of the prospective policyholder as to how far his car will be driven during the next year, without any verification as to whether such estimate is true or false.

Allstate argued that under the law prescribing the standard for making rates, the prime consideration is that "rates shall not be excessive, inadequate or unfairly discriminatory," and that there is no requirement for uniformity of rates among the insurers, or that all must adhere to a single classification.

With this the court disagreed.

Thus the authority of the commission under the law to deny a deviation is in the alternative. It is not limited in its denial to the finding that the resulting premiums would be excessive, inadequate or unfairly discriminatory. The commission may base its conclusion upon the finding that under the evidence adduced the requested deviation is not justified.

In the hearing on the request for such deviation the burden is on the applicant, the court said.

In reaching its conclusion with respect to a requested deviation the commission must bear in mind the provisions of law governing the making of rates. That statute, in addition to the requirement that "rates shall not be excessive, inadequate or unfairly discriminatory," provides that "due consideration shall be given to past and prospective loss experience within and outside this state," to past and prospective expenses both countrywide and those specially applicable to this state, and to all relevant factors within and outside this state."

The opinion of the commission shows that in passing upon the requested deviation it complied with the mandates of those statutes. It found that such deviation was "not justified." It said: "It must be recognized that in establishing a plan for classifying private passenger automobiles for collision insurance the commission must exercise its best judgment based upon the facts before it and its experience in regulating insurance."

Allstate argued that since it had been permitted for a number of years under the administrative orders of the commission to use this classification, it should be permitted to continue such use. But, as the commission pointed out in its opinion, this permission was granted Allstate while the classification plan later approved was under investigation and consideration. During its investigation the commission became convinced that Allstate's plan was not sound and should not be permitted by way of deviation.

16 Awards Offered In IAC 'Ad' Competition

Insurance Advertising Conference, following a precedent set last year, is again offering 16 awards under its agents advertising awards program to agents and brokers exhibiting the best use of advertising during the calendar year, 1957.

The competition is open to any agent or broker representing stock fire and casualty insurers. Full information on the contest is available from Charles K. Oaks of Travelers, awards committee chairman. All entries should be submitted to him prior to April 1, 1958, in the form of a portfolio or scrapbook, no larger than 16 x 20 inches.

Judges will select winners exhibiting the best all around advertising in 1957 from four annual premium income divisions—under \$50,000, \$50,000 to \$100,000, \$100,000 to \$250,000, and more than \$250,000. Also, three entrants in each division will be given awards for the best advertising in radio and/or TV, in direct mail and in newspapers.

Sees Price As Key Factor In Family Coverages

(CONTINUED FROM PAGE 21)

he said, is how much of this business will be written by the agency stock companies, recognizing the direct writers are here to stay.

It should be fundamental that underwriting profit is the very foundation of the stock agency system. Insurance is in the paradoxical situation of two unprofitable years in a row when most other businesses are piling up record profits. He said the immediate problem is to restore the business to a profitable basis. With that accomplished the possibilities of the future are practically unlimited.

To realize this potential will require the closest cooperation of producers and their companies. "We might as well realize right now there is going to be stiff competition all the way," he said. It must at all times be sound, and sound competition will be the big problem. Direct writers as well as stock companies cannot long withstand underwriting losses. Changes and improvements in coverages can be expected, he said, but in the long run the real area of competition will be the price to the insuring public.

Cost to the buyer is ultimately determined by losses and expenses. Stock company expenses are composed of production or acquisition costs, general and service expenses. Except for that part of the acquisition costs represented by commissions, both the stock companies and the direct writers have the same sources of expense.

Since acquisition costs are and will be the major difference in the costs of operation as between agency stock insurers and direct writers, he said, "we must look at the problems posed realistically." The long view must be made on the part of both agents and companies.

G. F. Stratton, president of Independent Adjusters Assn. of Massachusetts, and Alan H. Miller, Hackensack, N. J., NAIA advertising committee chairman, also addressed the meeting. Mr. Stratton gave an adjuster's analysis of package policies, their differences and uses. Mr. Miller outlined the NAIA countrywide advertising program.

Paul Terry, Fire Rate Bureau Man For 56 Years, Is Retiring

Paul W. Terry, manager and general manager of Missouri Inspection Bureau since 1919, has announced "with regret" his retirement from that position effective Dec. 31. His successor will be Willard C. Anderson, who has been with the bureau since 1920, most recently as manager. Leonard S. Poor will succeed Mr. Anderson as manager. He has been assistant manager and has been with the bureau since 1922.

Mr. Terry at the end of this year will conclude 56 years in the fire rating field, not counting a year as a clerk in a field man's office. He started with Missouri Inspection & Survey Bureau in Kansas City in 1901 as a clerk and inspector and rater. In 1911 he was made inspector and rater of Missouri Actuarial Bureau at St. Louis. He became chief rater of Missouri Inspection Bureau at St. Louis in 1913, and in 1918 was made manager of Kansas Inspection Bureau. He returned to Missouri to head the Missouri Inspection Bureau in 1919.

Mr. Terry also had a brief tour of duty with the Arkansas Bureau when the stock fire companies withdrew from Missouri after a controversy with Superintendent Blake who had demanded that data be filed to justify their current rates for fire and wind coverages. When Mr. Blake was succeeded by C. G. Revelle, Mr. Blake's position was supported and the companies quit writing business in Missouri for four months.

Mr. Terry marked his 75th birthday Oct. 1. It is also his wedding anniversary.

In his earlier days with the bureau, Mr. Terry was associated with the late James A. Waterworth, a pioneer in insurance rating and a president of the old St. Louis Board of Fire Underwriters from 1881 to 1899 in the days when the agents played a major role in rate making.

Insurer Can't Cancel On Houses Which Have Been Slipping Since 1956

LOS ANGELES—U. S. District Judge Harrison has handed down a ruling that insurers which have issued policies for "all physical loss" must stand liable "while the loss is continuing."

The decision is the result of an action instituted by Lt. Col. Leonard F. Harmon and his wife against American Casualty for damages to their property caused by slippage of land in the Portuguese Bend area. Mr. and Mrs. Harmon say that the movement of earth, beginning in the fall of 1956, has caused damage to their two houses and such damage is continuing.

American Casualty served notice of cancellation of its policies of the homes owned by the Harmons on Jan. 20 after estimating damages at \$4,500 on one house and \$2,000 on the other. The court said an insurance policy is an agreement to indemnify against loss of contingencies and when that contingency arises "then and only then does the liability of the insurer become a contractual obligation."

American Casualty recognized liability for slippage until the total de-

struction of the property, but contended that other risks ended upon the notice of cancellation. The court, however, commented: "It is easily understood why the defendant desires to escape the risk of fire. The hazards of fire are greatly increased by the earth movement and fire protection under the present conditions is at a minimum in the area affected."

To permit revocation while the contingency insured against is continuing would be to sanction the commission of fraud upon the insured, the court held.

Shefferman Used By Allstate In Union Problem in Michigan

Testimony before the senate rack-ets committee in Washington last week included that of Henry Moser, senior vice-president and general counsel of Allstate, who said his company spent approximately \$26,500 in a successful effort to prevent unionization of its Michigan agents in 1954. Industrial Relations Associates, the organization conducted by Nathan Shefferman, was used by Allstate in the union problem, Mr. Moser said.

Newspaper accounts said the operations of the Shefferman organization followed the pattern of finding an employee who would help set up a committee to enlist votes against the union. The employee chosen was Jack Carreras of Flint, who was getting \$20,000 a year in commissions and who is looking forward to a \$250,000 interest in Allstate's profit sharing plan when he retires.

Mr. Carreras entertained other agents and spoke against unionization, and the union plan was defeated 54 to 39.

Central Claim Executives Assn. To Meet Nov. 14-15

Central Claim Executives Assn. will hold its semi-annual meeting at Chicago Nov. 14-15. The organization is composed of about 50 midwest independent stock company home office claim executives.

The program includes talks on "Automobile Physical Damage Loss Ratios" by E. H. Schroeder, Allstate; "Evaluation of the Bodily Injury Claim" by M. L. McClanathan, Economy Fire & Casualty; "Company Claim Procedure" by K. M. Hough, Anchor Casualty; "Yes, But Is It Evidence?" by P. W. Pretzel of the Chicago law firm of Pretzel, Stouffer & Nolan, and "Inter-Departmental Transference of Data" by V. A. Griffiths, Western Casualty. Bruce C. Yorke, Buckeye Union Casualty, is program chairman, and J. Nash Williams, General Casualty of Madison, is president.

DEATHS

(CONTINUED FROM PAGE 31)

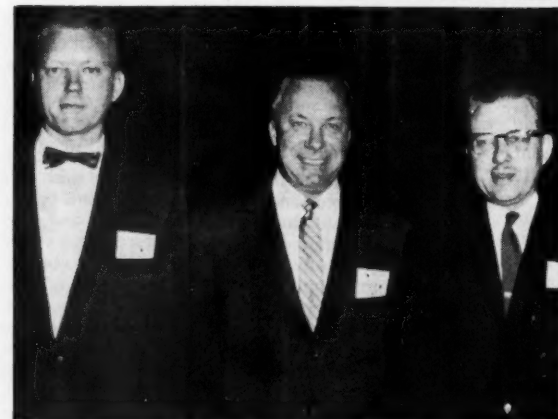
company at Chicago in 1938 after nine years with Sun Life of Canada at Detroit. He became regional group manager in New York in 1944, returning to Chicago in 1950 as statutory division supervisor.

WILLIAM Q. SLAUGHTER, 86, retired assistant manager of Royal in Atlanta, died in a private hospital there. He joined Royal when he was 17 and retired in 1939, after 43 years with the company. During World War II he reentered the business with the George Campbell agency in Atlanta.

Photographed at the annual meeting of Wisconsin Assn. of Insurance Agents by Urban Krier, assistant Milwaukee manager of U.S.F.&G.: From the left, J. W. S. Gallagher, secretary-treasurer, and general convention chairman; Paul H. Mast, executive secretary, and Paul J. Rogan, Wisconsin commissioner.



Arthur R. Moss (center), new president of Wisconsin Assn. of Insurance Agents, flanked by two new members of the board, Louis Robinson Jr. of La Crosse (left) and Wayne Reesman of Milwaukee. Photograph by Urban Krier, assistant manager at Milwaukee of U.S.F. & G.



AFIA Appoints DeWitt To San Francisco Post

American Foreign Insurance Assn. has transferred L. Edward DeWitt from the New York head office to San Francisco and appointed him assistant to A. E. Lampe, Pacific coast manager.

Mr. DeWitt joined the personal lines department of AFIA in 1953. Most recently he has been in the brokerage department. He formerly was with the New York office of General of Seattle.



John Steggle of General Re and Peggy Sullivan of Western Insurance Information Service, at the reception of National Assn. of Independent Insurers in Chicago.

STOCKS

By H. W. Cornelius, Bacon, Whipple & Co. 135 S. LaSalle St., Chicago, Nov. 5, 1957

	Bid	Asked
Aetna Casualty	125	128
Aetna Fire	47	48
Aetna Life	175	180
Agricultural	22 1/4	23 1/4
American Equitable	36	37
American (N. J.)	20	21
American Motorists	8 1/4	9 1/2
American Surety	13	14
Boston	26	27
Camden Fire	26	27
Continental Casualty	66	67
Crum & Forster com.	42	46
Federal	28	29 1/4
Fire Association	33	34
Fireman's Fund	40 1/2	41 1/4
Firemen's (N. J.)	31 1/4	32 1/4
General Reinsurance	39	41
Glens Falls	24	25
Globe & Republic	14 1/2	15 1/2
Great American Fire	24 3/4	25 3/4
Hartford Fire	118	122
Hanover Fire	27 1/2	28 1/2
Home (N. Y.)	30	31
Ins. Co. of No. America	81	83
Maryland Casualty	28	29
Mass. Bonding	26	27
National Fire	58	62
National Union	28 1/2	29 1/2
New Amsterdam Cas.	39	40
New Hampshire	33 1/2	34 1/2
North River	26 3/4	27 3/4
Ohio Casualty	16	18
Phoenix Conn.	52	53 1/2
Prov. Wash.	12 1/2	13 1/2
St. Paul F. & M.	40	41
Security, Conn.	22	23 1/2
Springfield F. & M.	33 1/4	34 1/4
Standard Accident	47 3/4	48 3/4
Travelers	70	71
U. S. F. & G.	52 3/4	53 3/4
U. S. Fire	20	21



William C. Searl, executive vice-president of Auto-Owners, the new president of National Assn. of Mutual Insurance Companies, and George A. Christensen, secretary of Bear River Mutual of Salt Lake City, new vice-president of the group, after their election in New Orleans. Mr. Searl is past president of National Assn. of Independent Insurers. Other officers are I. G. Saltmarsh of Indiana Lumbermens Mutual, treasurer; L. A. Mingenbach of Hardware Mutuals of Wisconsin, national counselor, and Harry P. Cooper Jr., secretary (reappointed).

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THE **1846** American Insurance Group

BRANCH
OFFICE

The American
Insurance Company

American Automobile
Insurance Company

Associated Indemnity
Corporation

BRANCH
OFFICE

UNDERWRITING

PRODUCTION

CLAIMS

ENGINEERING

PREMIUM AUDIT

Local **SERVICE FACILITIES**

The American's field offices are staffed with a corps of experts in underwriting, production, claims handling, premium auditing and engineering. No matter what your underwriting problem or service requirement may be, one of our specialists will be as close as your telephone . . . competent and anxious to help and advise you.

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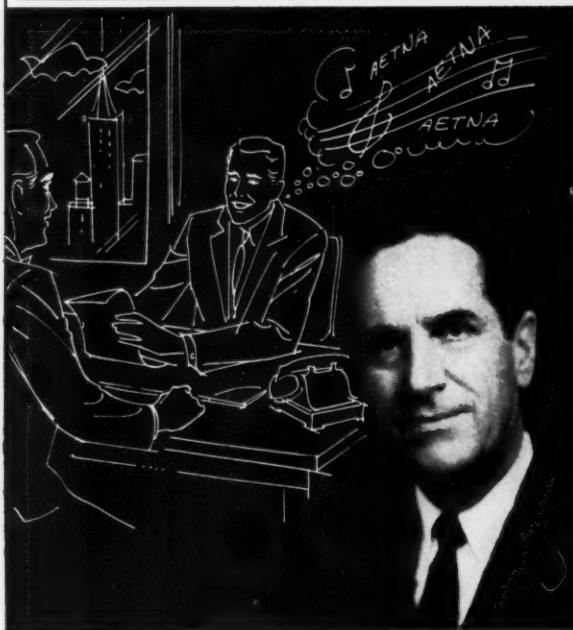
XUM

The Aetna Fieldman Is a Good Man to Know

The Aetna was one of the first insurance companies to appoint agents outside its home state, and Aetna fieldmen always have worked in close cooperation with agents and brokers.

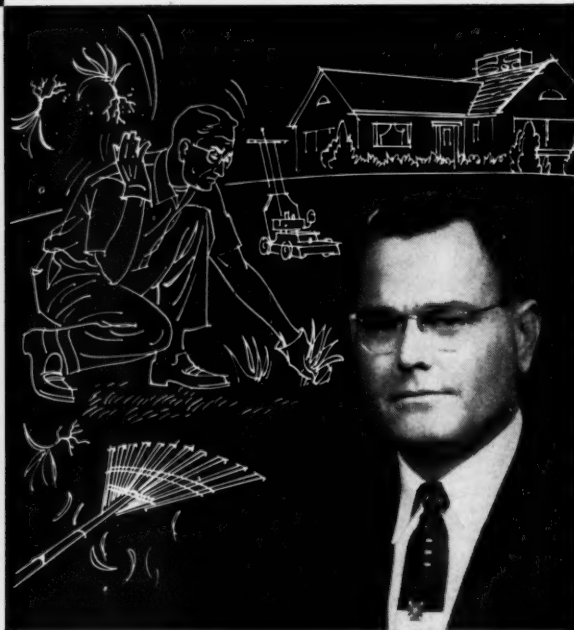
Today, a high proportion of Aetna fieldmen are graduates of the Multiple Line Training School for Fieldmen—which covers all phases of property and casualty insurance, with special emphasis on the problems and viewpoint of the agent.

The Aetna fieldman is especially qualified to help you with unusual problems—to give you practical suggestions on building a more profitable business. He is a good man to know.



Meet Warren L. Wright, Manager, Manchester, N. H.

—Warren likes music but says the only singing he does is in praise of the Aetna. More seriously, he believes in not wasting an agent's time. When he calls he always has something worthwhile to discuss—a new form of insurance, a new idea or some other constructive suggestion. Warren is a past President of the Mountain Insurance Field Club, in which organization he has held every office. At present he is Chairman of the Policy Revision Committee in his State and has lectured on fire prevention, the basic fire policy and inland marine coverages, throughout the State.



Meet U. Cone Johnson, State Agent, Omaha, Neb.—

Next to helping agents build a successful business, Cone's great goal is to have a lawn free of crab grass. He feels the latter is the tougher challenge. Cone started his insurance career in an agency in his home town of Canton, Texas in 1935. He joined the Aetna in 1943, received his C.P.C.U. designation in 1946 and was in the first Aetna Fieldmen's Training School. After serving as special agent in Indianapolis, Indiana from 1947 to 1953 and state agent in Springfield, Illinois for three years, he was appointed last year to his present position as state agent in Omaha.



AETNA INSURANCE GROUP

AETNA INSURANCE COMPANY • THE WORLD FIRE AND MARINE INSURANCE CO.
THE CENTURY INDEMNITY COMPANY • STANDARD INSURANCE CO. OF N. Y.
HARTFORD, CONNECTICUT Clinton L. Allen, President